

OCEAN GATE SCHOOL DISTRICT
OCEAN GATE, NEW JERSEY

FISCAL YEAR ENDED JUNE 30, 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

Ocean Gate School District
126 West Arverne Avenue
P.O. Box 478
Ocean Gate, New Jersey 08740
(732) 269-3023

Mr. Frank B. Vanalesti
Superintendent

Mr. John Failla
Business Administrator/
Board Secretary

December 3, 2012

Honorable President and
Members of the Board of Education
Ocean Gate School District
126 W. Arverne Avenue
Ocean Gate, NJ 08740

Dear Board Members:

The comprehensive annual financial report of the Ocean Gate School District ("District") for the fiscal year ending June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Ocean Gate Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the district-wide and fund financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as information generally presented on a multi-year basis.

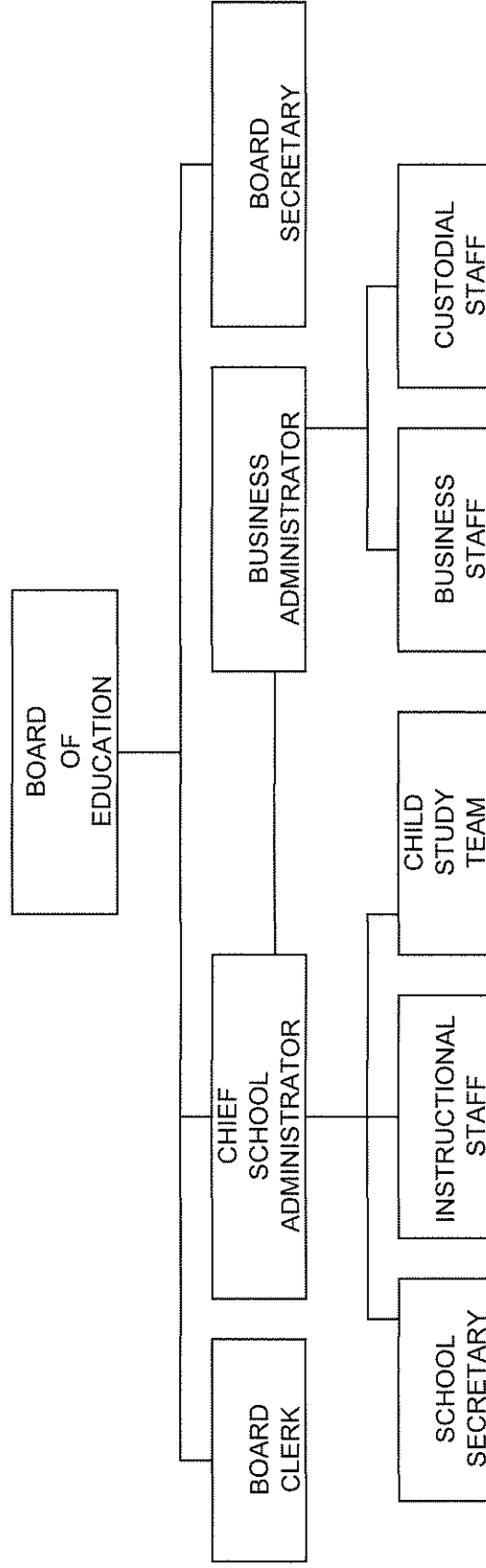
The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organization, and the State Treasury OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Respectfully Submitted,


Frank Vanalesti, Superintendent


John Failla, Business Administrator
Board Secretary

OCEAN GATE BOARD OF EDUCATION ORGANIZATIONAL CHART (UNIT CONTROL)



OCEAN GATE BOARD OF EDUCATION
OCEAN GATE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Juan Alicia, President	2013
Robert Holshue, Vice-President	2012
John Serpica	2012
Ashley Wilgus	2012
Nancy Ricany	2014

Other Officials

Frank Vanalesti, Superintendent
John Failla, Business Administrator/Board Secretary
Stephen Brennan, Treasurer
Arthur Stein, Esq., Solicitor

OCEAN GATE BOARD OF EDUCATION
OCEAN GATE, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2012

Architect

The Gibson Tarquini Group
764 Cuthbert Boulevard
Cherry Hill, NJ 08002

Auditor/Audit Firm

Robert W. Allison, CPA, RMA
Hutchins, Farrell, Meyer & Allison, P.A.
912 Highway 33, Suite 2
Freehold, New Jersey 07728

Attorney

Arthur Stein
1041 West Lacey Road
PO Box 1070
Forked River, New Jersey 08731

Official Depository

TD Bank
CN 2050
Toms River, New Jersey 08754-2050

Bond Counsel

McCarter English, LLP
Four Gateway Center
100 Mulberry Street
P O Box 652
Newark, New Jersey 07102-0652

FINANCIAL SECTION

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Robert H. Hutchins, CPA, CVA, CFF
Eugene M. Farrell, CPA, RMA, CFP
Robert W. Allison, CPA, RMA
Alan E. Meyer, CPA/ABV, CFF
Joann DiLieto, CPA

Patrice R. Antonucci, CPA
Glenn G. VanPell, CPA
Karen D. Davis, CPA, CVA
Crystal L. Fitzpatrick, CPA
Hélène T. Morizzo, CPA

Monmouth County Office

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Freehold, NJ 07728
(732) 409-0800
Fax: (732) 866-9312

Ocean County Office

512 Main Street • PO Box 1778
Toms River, NJ 08754
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Fax: (732) 505-8358

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Ocean Gate School District
County of Ocean
Ocean Gate, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the Ocean Gate School District, in the County of Ocean, State of New Jersey as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Ocean Gate Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Ocean Gate Board of Education, in the County of Ocean, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable President and Members
of the Board of Education
Ocean Gate School District
County of Ocean
Ocean Gate, New Jersey
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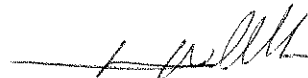
In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2012 on our consideration of the Ocean Gate Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison information on pages 8 through 18 and 56 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ocean Gate Board of Education's financial statements as a whole. The Introductory Section, Combining and Individual Fund Financial Statements, and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid, respectively, and are also not a required part of the financial statements. The Combining and Individual Fund Financial Statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to

Honorable President and Members
of the Board of Education
Ocean Gate School District
County of Ocean
Ocean Gate, New Jersey
Page 3

prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

October 23, 2012

REQUIRED SUPPLEMENTARY INFORMATION – PART I

OCEAN GATE SCHOOL DISTRICT
OCEAN GATE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

UNAUDITED

The discussion and analysis of Ocean Gate School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ◆ General revenues accounted for \$2,888,846.22 in revenue or 94.96 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$153,304.89 or 5.04 percent of total revenues of \$3,042,151.11.
- ◆ Total net assets of governmental activities increased by \$149,876.07.
- ◆ The School District had \$2,897,766.36 in expenses; only \$153,304.89 of these expenses were offset by program specific charges for services, grants or contributions.
- ◆ The General Fund had \$2,593,692.17 in revenues and \$2,485,511.95 in expenditures and transfers. The General Fund's balance increased \$108,180.22 over the 2011-2012 school year.

Using this Comprehensive Annual Financial Report (“CAFR”)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Ocean Gate School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of the Ocean Gate School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the majority of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2012?” The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting treatment utilized by most private-sector companies. The accrual basis method of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct types of activities:

- ◆ **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ **Business-Type Activities** – These activities are entrepreneurial in nature. The Food Service enterprise fund is reported as a business activity. Goods and services are provided at cost in the expectation of retaining revenues for a profit.

Reporting the School District's Most Significant Funds

Fund Financial Statements

An analysis of the District's funds (all) is included in the 2011-12 Comprehensive Annual Financial Report ("CAFRA"). Fund financial reports provide detailed information about the School District's funds. The School District uses several funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds: General Fund, Special Revenue Fund and the Capital Projects Fund.

Governmental Funds

The District's activities are reported in governmental funds. It focuses on how money flows in and out of these funds and the available balances left at year-end for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as entrepreneurial activities; therefore, these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary comparison of the School District's net assets for 2012 and 2011.

Table 1

Net Assets as of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Cash and Cash Equivalents	\$ 1,453,248.52	\$ 1,097,129.52
Receivables, Net	50,668.70	243,957.20
Inventory	499.52	249.67
Capital Assets, Net	<u>2,657,995.75</u>	<u>2,730,454.59</u>
Total Assets	<u>4,162,412.49</u>	<u>4,071,790.98</u>
Liabilities:		
Accounts Payable	88,731.30	10,532.94
Accrued Expenses	24,951.41	28,923.66
Deferred Revenue	28,289.28	4,457.86
Noncurrent Liabilities:		
Due Within One Year	165,355.88	161,932.97
Due Beyond One Year	<u>1,273,270.33</u>	<u>1,428,514.01</u>
Total Liabilities	<u>1,580,598.20</u>	<u>1,634,361.44</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	1,307,689.74	1,218,215.61
Restricted for:		
Capital Projects Fund	219,471.35	257,144.71
Debt Service Fund	(22,814.58)	(24,079.32)
General Fund	1,017,274.51	899,218.13
Special Revenue Fund	(13,848.00)	(10,553.16)
Unrestricted	<u>74,041.27</u>	<u>97,483.57</u>
Total Net Assets	<u>\$ 2,581,814.29</u>	<u>\$ 2,437,429.54</u>

Table 2 provides a comparison analysis of District-wide changes in net assets from fiscal years 2012 and 2011.

Table 2

Changes in Net Assets

	<u>2012</u>	<u>2011</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 13,211.93	\$ 16,593.46
Operating Grants and Contributions	140,092.96	136,587.74
General Revenues:		
Property Taxes	1,585,561.08	1,588,679.00
Grants and Entitlements	1,293,064.27	1,249,459.23
Other	<u>10,220.87</u>	<u>12,769.68</u>
Total Revenues	<u>3,042,151.11</u>	<u>3,004,089.11</u>
<u>Program Expenses</u>		
Instruction	1,539,820.29	1,485,957.57
Support Services:		
Pupils and Instructional Staff	570,240.31	544,766.86
General Administration, School Administration,		
Administration, Business	196,512.73	210,003.74
Operations and Maintenance of Facilities	307,145.14	341,030.01
Central Services	112,691.93	102,685.27
Admin. Information Technology	12,327.61	9,470.60
Pupil Transportation	10,573.45	26,429.48
Special Schools	25,142.50	26,225.33
Interest on Long-Term Debt	53,955.29	62,390.81
Food Service	<u>69,357.11</u>	<u>61,852.51</u>
Total Expenses	<u>2,897,766.36</u>	<u>2,870,812.18</u>
Increase/(Decrease) in Net Assets	<u>\$ 144,384.75</u>	<u>\$ 133,276.93</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the District operations. Property taxes made up 53.24 % of revenues for governmental activities for the Ocean Gate School District for fiscal year 2012. The District's total governmental revenues were \$2,978,285.32 for the fiscal year ended June 30, 2012. Federal, state and local grants accounted for another 46.64%.

The total cost of all governmental program and services was \$2,828,409.25. Instruction comprises 54.44% of District's expenses.

Business-Type Activities

Revenues for the District's entrepreneurial activities (Food Service Program) were comprised of charges for services, federal and state reimbursements. This deficit was made up by transfers from the General Fund.

- ◆ Food service expenses exceeded revenues by \$5,491.32.
- ◆ Charges for services represent \$13,211.93 of revenue. This represents amounts paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced breakfasts and lunches, as well as cost reduced commodities was \$44,229.96.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

Governmental Activities

	<u>2012</u>		<u>2011</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 1,539,820.29	\$ 1,539,820.29	\$ 1,485,957.57	\$ 1,485,957.57
Support Services:				
Pupils and Instructional Staff	570,240.31	570,240.31	544,766.86	544,766.86
General Administration, School Administration, Business	196,512.73	196,512.73	210,003.74	210,003.74
Operation and Maintenance of Facilities	307,145.14	307,145.14	341,030.01	341,030.01
Central Services	112,691.93	112,691.93	102,685.27	102,685.27
Admin. Info. Tech.	12,327.61	12,327.61	9,470.60	9,470.60
Pupil Transportation	10,573.45	10,573.45	26,429.48	25,197.48
Special Schools	25,142.50	25,142.50	26,225.33	26,225.33
Interest on Long-Term Debt	<u>53,955.29</u>	<u>(41,907.71)</u>	<u>62,390.81</u>	<u>(34,664.19)</u>
Total Expenses	<u>\$ 2,828,409.25</u>	<u>\$ 2,732,546.25</u>	<u>\$ 2,808,959.67</u>	<u>\$ 2,710,672.67</u>

Instruction expenses include activities that directly deal with the teaching of students, the interaction between teacher and student, and also includes extracurricular activities.

Pupils and instructional staff include activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the School District.

Operation and maintenance of facilities involve activities that keep the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development include expenses related to planning, research, development and the evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School District's Funds

Information about the School District's major funds is included in the 2011-12 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for by using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund presented in the fund-based statements) had total revenues of \$2,984,759.22 and expenditures and transfers of \$2,920,254.71. The net positive/(negative) change in fund balance for the year was most significant in the General Fund, an increase of \$108,180.22.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ending June 30, 2012, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2010/11</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 1,595,831.95	53.47%	\$ (3,405.88)	(0.21)%
State Sources	1,299,979.16	43.55	66,670.82	5.41
Federal Sources	<u>88,948.11</u>	<u>2.98</u>	<u>(25,489.78)</u>	<u>(22.27)</u>
Total	<u>\$ 2,984,759.22</u>	<u>100.00%</u>	<u>\$ 33,775.16</u>	<u>1.28%</u>

The decrease in Local Sources is attributed to a decrease in municipal ratables.

The increase in State Sources is due to an increase in equalization and preschool aid.

The decrease in Federal Sources is due to a decrease in Federal grants.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2012.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2010/11</u>	<u>Percent of Increase/ (Decrease)</u>
Current:				
Instruction	\$ 1,082,579.01	37.15%	\$ 18,486.99	1.74%
Undistributed Expenditures	1,573,667.93	54.01	7,054.07	0.45
Debt Service:				
Principal	161,932.97	5.56	3,179.78	2.00
Interest	57,927.54	1.99	(5,892.13)	(9.23)
Capital Outlay	<u>37,673.36</u>	<u>1.29</u>	<u>11,304.16</u>	<u>42.87</u>
Total	<u>\$ 2,913,780.81</u>	<u>100.00%</u>	<u>\$ 34,132.87</u>	<u>1.19%</u>

The increase in Current - Instruction is attributed to staffing changes due to student needs.

The increase in Current - Undistributed Expenditures is attributed to more purchased services.

The decrease in Debt Service is attributable to the amortization of existing debt.

The increase in Capital Outlay is attributed to a replacement roof.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey State law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2012, the District amended its General Fund budget as needed. The District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Staffing changes based on student needs.
- ◆ Additional costs for student transportation both in regular and special education.
- ◆ Accounting changes in maintenance and operations.
- ◆ Changes in appropriations to prevent budget overruns.

While the District's final budget for the General Fund anticipated that revenues and expenditures would approximately equal, the actual results for the year show an \$110,810.69 increase in surplus funds for a total unrestricted free balance (GAAP) of \$161,631.00 at June 30, 2012.

Capital Assets

At the end of the fiscal year 2012, the District had \$2,639,568.37 invested in land, site improvements, building and building improvements, and machinery and equipment, net of depreciation.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Land	\$ 251,700.00	\$ 251,700.00
Site Improvements	162,555.50	132,051.37
Building and Building Improvements	2,191,784.86	2,288,140.65
Machinery and Equipment	<u>33,618.01</u>	<u>38,187.81</u>
Total	<u>\$ 2,639,658.37</u>	<u>\$ 2,710,079.83</u>

Debt Administration

At June 30, 2012, the District had \$1,438,626.21 in outstanding debt. Of this amount, \$88,320.20 is for compensated absences, \$284,306.01 for loans payable, and \$1,066,000.00 for bonds payable.

For the Future

One of the goals of the Ocean Gate School District is to prepare staff and facilities to meet the needs of all children. As such, the Ocean Gate School District has been able to meet its educational and facility past budgets. The District is preparing for Quality Single Accountability Continuum ("QSAC") to be presented to the New Jersey Department of Education. This preparation ensures that the School District is educationally and financially meeting goals as set forth by the Department of Education and the School District's Board of Education and administration.

The current school year's financial situation is dramatically influenced by the inclusion and out-of-District placement of our Special Education population. In addition, the passage of Legislation S-1701, and newly-presented accountability regulations present new challenges for the Ocean Gate School District. The School District's budget for the 2012-13 school year was formulated to include an increase of \$113,919, or approximately 3.86% of its 2011-2012 budget.

The Ocean Gate School District continues to maintain sound fiscal management that coincides with relevant legislation and enables the District to continue to provide the high level of educational programs currently implemented. In addition, we will continue to seek discretionary funds to enable our school to continue to provide high-quality, sustained professional development for all of our teachers and support staff, Preschool through Grade 6, as well as continued funding to implement our full-day research-based Preschool and Kindergarten curricula, Early Literacy curricula, and all of the core curriculum content standards.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, please contact the School Business Administrator/Board Secretary at Ocean Gate Board of Education, 126 W. Arverne Avenue, PO Box 478, Ocean Gate, NJ 08740.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the District. These Statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These Statements distinguish between the governmental and business-type activities of the District.

OCEAN GATE SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities	Business -Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 1,454,541.56		\$ 1,454,541.56
Receivables Net	44,733.96	\$ 5,934.74	50,668.70
Inventory		499.52	499.52
Capital Assets, Net	<u>2,639,658.37</u>	<u>18,337.38</u>	<u>2,657,995.75</u>
Total Assets	<u>4,138,933.89</u>	<u>24,771.64</u>	<u>4,163,705.53</u>
Liabilities:			
Cash Overdraft		1,293.04	1,293.04
Accounts Payable	84,320.55	4,410.75	88,731.30
Accrued Expenses	24,951.41		24,951.41
Deferred Revenue	28,289.28		28,289.28
Noncurrent Liabilities:			
Due Within One Year	165,355.88		165,355.88
Due Beyond One Year	<u>1,273,270.33</u>		<u>1,273,270.33</u>
Total Liabilities	<u>1,576,187.45</u>	<u>5,703.79</u>	<u>1,581,891.24</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	1,289,352.36	18,337.38	1,307,689.74
Restricted for:			
Capital Projects	219,471.35		219,471.35
Debt Service	(22,814.58)		(22,814.58)
Special Revenue Fund	(13,848.00)		(13,848.00)
General Fund	1,017,274.51		1,017,274.51
Unrestricted	<u>73,310.80</u>	<u>730.47</u>	<u>74,041.27</u>
Total Net Assets	<u>\$ 2,562,746.44</u>	<u>\$ 19,067.85</u>	<u>\$ 2,581,814.29</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

OCEAN GATE SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,235,298.32		\$ 222,229.09		\$ 1,457,527.41
Receivables From Other Funds	16,140.57			\$ 2,707.74	18,848.31
Receivables From Other Governments	9,938.55	\$ 33,907.53			43,846.08
Total Assets	1,261,377.44	33,907.53	222,229.09	2,707.74	1,520,221.80
Liabilities and Fund Balances:					
Liabilities:					
Cash Overdraft		2,414.94		570.91	2,985.85
Accounts Payable	78,559.93	1,848.62			80,408.55
Interfund Payable	3,912.00	15,202.69	2,757.74		21,872.43
Deferred Revenue		28,289.28			28,289.28
Total Liabilities	82,471.93	47,755.53	2,757.74	570.91	133,556.11
Fund Balances:					
Restricted for:					
Maintenance Reserve	251,555.62				251,555.62
Emergency Reserve	156,515.00				156,515.00
Excess Surplus - Current Year	346,101.17				346,101.17
Excess Surplus - Prior Year -					
Designated for Subsequent Expenditures	216,385.99				216,385.99
Debt Service				0.83	0.83
Capital Projects			219,471.35		219,471.35
Assigned To:					
Other Purposes - Encumbrances Payable	46,716.72				46,716.72
Debt Service				2,136.00	2,136.00
Designated by the BOE for					
Subsequent Year's Expenditures	0.01				0.01
Unassigned:					
General Fund	161,631.00				161,631.00
Special Revenue		(13,848.00)			(13,848.00)
Total Fund Balances	1,178,905.51	(13,848.00)	219,471.35	2,136.83	1,386,665.69
Total Liabilities and Fund Balances	\$ 1,261,377.44	\$ 33,907.53	\$ 222,229.09	\$ 2,707.74	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$4,199,100.97 and the accumulated depreciation is \$1,559,442.60 (See Note 10). 2,639,658.37

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund (see Note 11). (1,438,626.21)

Accrued interest on long-term liabilities are not reported as liabilities in the Fund. (24,951.41)

Net Assets of Governmental Activities \$ 2,562,746.44

OCEAN GATE SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,464,271.08			\$ 121,290.00	\$ 1,585,561.08
Miscellaneous	9,770.87	\$ 450.00	\$ 50.00		10,270.87
Total - Local Sources	1,474,041.95	450.00	50.00	121,290.00	1,595,831.95
State Sources	1,094,288.22	109,827.94		95,863.00	1,299,979.16
Federal Sources	25,362.00	63,586.11			88,948.11
Total Revenues	2,593,692.17	173,864.05	50.00	217,153.00	2,984,759.22
Expenditures:					
Current:					
Regular Instruction	659,668.05	151,582.27			811,250.32
Special Education Instruction	186,972.63				186,972.63
Other Special Instruction	84,356.06				84,356.06
Support Services and Undistributed Costs:					
Tuition	52,450.50				52,450.50
Student and Instruction Related Services	391,015.17	25,576.62			416,591.79
General Administration	93,697.82				93,697.82
School Administrative Services	49,664.40				49,664.40
Central Services	86,116.68				86,116.68
Administrative Information Technology	12,327.61				12,327.61
Plant Operations and Maintenance	193,947.33				193,947.33
Pupil Transportation	10,573.45				10,573.45
Employee Benefits	633,155.85				633,155.85
Special Schools	25,142.50				25,142.50
Debt Service:					
Principal				161,932.97	161,932.97
Interest and Other Charges				57,927.54	57,927.54
Capital Outlay			37,673.36		37,673.36
Total Expenditures	2,479,088.05	177,158.89	37,673.36	219,860.51	2,913,780.81
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	114,604.12	(3,294.84)	(37,623.36)	(2,707.51)	70,978.41
Other Financing Sources/(Uses):					
Transfer to Food Service	(6,423.90)				(6,423.90)
Transfer to General Operating			(50.00)		(50.00)
Total Other Financing Sources/(Uses)	(6,423.90)		(50.00)		(6,473.90)
Net Change in Fund Balances	108,180.22	(3,294.84)	(37,673.36)	(2,707.51)	64,504.51
Fund Balance - July 1	1,070,725.29	(10,553.16)	257,144.71	4,844.34	1,322,161.18
Fund Balance - June 30	\$ 1,178,905.51	\$ (13,848.00)	\$ 219,471.35	\$ 2,136.83	\$ 1,386,665.69

OCEAN GATE SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 64,504.51
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.	
Depreciation Expense	\$ (108,094.82)
Capital Outlay	<u>37,673.36</u>
	(70,421.46)
Repayment of bond, loans and capital lease principal is an expenditure in the governmental funds, but the repayment and gain on the refunding cost of long-term debt reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.	161,932.97
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	(10,112.20)
In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest over the previous year is an addition in the reconciliation; when accrued interest increases over the previous year, it is a reduction to the reconciliation.	<u>3,972.25</u>
Change in Net Assets of Governmental Activities	<u>\$ 149,876.07</u>

OCEAN GATE SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS

June 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ (1,293.04)
Accounts Receivable - State	37.74
Accounts Receivable - Federal	1,985.00
Other Receivable	3,912.00
Inventory	499.52
	<hr/>
Total - Current Assets	5,141.22
	<hr/>
Noncurrent Assets:	
Furniture, Machinery and Equipment	30,217.52
Less:	
Accumulated Depreciation	(11,880.14)
	<hr/>
Total - Noncurrent Assets	18,337.38
	<hr/>
Total Assets	\$ 23,478.60
	<hr/>
Accounts Payable	\$ 4,410.75
	<hr/>
Total Liabilities	\$ 4,410.75
	<hr/>
Net Assets:	
Invested in Capital Assets Net of Related Debt	\$ 18,337.38
Unrestricted	730.47
	<hr/>
Total Net Assets	\$ 19,067.85
	<hr/>

OCEAN GATE SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

For the fiscal year ended June 30, 2012

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Non-Reimbursable Programs	\$ 13,211.93
Total Operating Revenues	<u>13,211.93</u>
Operating Expenses:	
Salaries	6,910.34
Support Services - Employee Benefits	1,543.59
Purchased Professional/Technical Services	12,020.00
Advertising Expense	193.05
Other Purchased Services	31,148.12
Supplies and Materials	(123.46)
Depreciation	2,037.38
Miscellaneous Expenditures	111.11
Cost of Sales	<u>15,516.98</u>
Total Operating Expenses	<u>69,357.11</u>
Operating Loss	<u>(56,145.18)</u>
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	833.36
Federal Sources:	
Federal School Lunch Program	36,280.72
Federal School Breakfast Program	7,115.88
Transfer From General Fund	<u>6,423.90</u>
Total Nonoperating Revenues	<u>50,653.86</u>
Change in Net Assets	(5,491.32)
Total Net Assets - Beginning	<u>24,559.17</u>
Total Net Assets - Ending	<u><u>\$ 19,067.85</u></u>

OCEAN GATE SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the fiscal year ended June 30, 2012

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 13,211.93
Payment to Employees	(6,516.77)
Payments For Employee Benefits	(1,512.99)
Payments To Suppliers	<u>(55,129.07)</u>
Net Cash Used For Operating Activities	<u>(49,946.90)</u>
Cash Flows From Noncapital Financing Activities:	
Transfer From General Fund	2,511.90
State Sources	795.62
Federal Sources	<u>41,411.60</u>
Net Cash Provided By Noncapital Financing Activities	<u>44,719.12</u>
Net Decrease in Cash and Cash Equivalents	(5,227.78)
Balance - Beginning of Year	<u>3,934.74</u>
Balance - End of Year	<u>\$ (1,293.04)</u>
Reconciliation of Operating Loss To Net Cash Used For Operating Activities:	
Operating Loss	\$ (56,145.18)
Adjustments To Reconcile Operating Loss To Net Cash Used For Operating Activities:	
Depreciation	2,037.38
Increase/(Decrease) in Accounts Payable	4,410.75
(Increase)/Decrease in Inventory	<u>(249.85)</u>
Total Adjustments	<u>6,198.28</u>
Net Cash Used For Operating Activities	<u>\$ (49,946.90)</u>

OCEAN GATE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2012

	<u>Agency Fund</u>	<u>Unemployment Trust</u>	<u>Totals</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 20,637.68		\$ 20,637.68
Intrafund Receivable	<u> </u>	\$ 7,115.56	<u>7,115.56</u>
Total Assets	<u>\$ 20,637.68</u>	<u>\$ 7,115.56</u>	<u>\$ 27,753.24</u>
<u>Liabilities:</u>			
Payable To Student Groups	\$ 5,947.02		\$ 5,947.02
Payroll Deductions and Withholdings	7,575.10		7,575.10
Interfund Payable		\$ 887.88	887.88
Intrafund Payable	<u>7,115.56</u>	<u> </u>	<u>7,115.56</u>
Total Liabilities	<u>20,637.68</u>	<u>887.88</u>	<u>21,525.56</u>
<u>Net Assets:</u>			
Held in Trust for Unemployment Claims and Other Purposes	<u> </u>	\$ 6,227.68	<u>6,227.68</u>
Total Net Assets	<u> </u>	<u>6,227.68</u>	<u>6,227.68</u>
Total Liabilities and Net Assets	<u>\$ 20,637.68</u>	<u>\$ 7,115.56</u>	<u>\$ 27,753.24</u>

OCEAN GATE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the fiscal year ended June 30, 2012

	Unemployment Compensation <u>Trust</u>
Additions:	
Contributions:	
Plan Member	\$ 4,206.63
Total Contributions	<u>4,206.63</u>
Total Additions	<u>4,206.63</u>
Deductions:	
Payment of Claims	<u>14,434.44</u>
Total Deductions	<u>14,434.44</u>
Change in Net Assets	(10,227.81)
Net Assets - Beginning of Year	<u>16,455.49</u>
Net Assets - End of Year	<u><u>\$ 6,227.68</u></u>

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education ("Board") of the Ocean Gate School District ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Ocean Gate School District is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three-year staggered terms. The purpose of the District is to educate students in grades PreK-6. The Ocean Gate School District had an approximate enrollment of 151 students at June 30, 2012.

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the Organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the Organization
- the District appoints a voting majority of the Organization's Board
- the District is able to impose its will on the Organization
- the Organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the Organization on the District

Based on the aforementioned criteria, the District has no component units.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Assets and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information.

Basis of Presentation

District-Wide Statements: The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These Statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These Statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Assets presents the financial condition of the governmental and business-type activity of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The Fund Financial Statements provide information about the District's funds, including its fiduciary funds. Separate statements for each Fund category – governmental, proprietary, and fiduciary – are presented. The New Jersey Department of Education ("NJDOE") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among District financial reporting models.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment, which are classified in the Capital Outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this Fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated Fund Balance. Expenditures are those that result in the acquisition of or additions to Fixed Assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Fund is comprised of the Food Service Fund.

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund-type operating statements present increases/(revenues) and decreases/(expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are as follows:

Equipment	12 Years
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OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following fiduciary funds:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. At June 30, 2012, the District had no Non-Expendable Trust Funds.

Agency Funds - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include Payroll and Student Activities Funds.

Basis of Accounting

Basis of Accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "Accounts Receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting (Cont'd):

Governmental Fund Financial Statements: Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and Enterprise Funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County Office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund. The legal level of budgetary control is established at line item accounts within each Fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally-authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Project Fund presents the remaining project appropriations compared to current-year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund-types. Unencumbered appropriations lapse at fiscal year-end.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Budgets/Budgetary Control (Cont'd):

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2012, there was a reconciling difference of \$5,651.16 between the budgetary basis and GAAP basis in the General Fund and of \$9,644.33 in the Special Revenue Fund.

The following presents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules - General and Special Revenue Funds to the GAAP basis of Accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. Note that the District does not report encumbrances outstanding at year-end as expenditures in the General Fund since the General Fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Budgets/Budgetary Control (Cont'd):

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 2,599,343.33	\$ 186,803.22
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
PY Encumbrance		70.81
CY Encumbrance		(9,715.14)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	84,816.84	10,553.16
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(90,468.00)</u>	<u>(13,848.00)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 2,593,692.17</u>	<u>\$ 173,864.05</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 2,479,088.05	\$ 186,803.22
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
PY Encumbrance		70.81
CY Encumbrance		<u>(9,715.14)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 2,479,088.05</u>	<u>\$ 177,158.89</u>

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Encumbrance Accounting:

Under Encumbrance Accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the Special Revenue Fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the Balance Sheet as deferred revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

E. Assets, Liabilities, and Equity:

Interfund Transactions:

Transfers between Governmental and Business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the Enterprise Fund, are recorded as expenditures during the first year of purchase. Enterprise Fund inventories are valued at cost, which approximates market, using the first-in/first-out ("FIFO") method.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Capital Assets:

The District has an established formal system of accounting for its Capital Assets. Purchased or constructed Capital Assets are reported at cost. Donated Capital Assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure.

All reported Capital Assets except for Land and Construction in Progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Carpeting	7
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15
Site Improvements	20
Custodial Equipment	12

Compensated Absences:

The District accounts for Compensated Absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Board Statement No. 16 ("GASB 16"), Accounting for Compensated Absences. A liability for Compensated Absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the District-wide Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Compensated Absences(Cont'd):

The liability for vested compensated absences of the proprietary fund-types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the Food Service Fund.

Deferred Revenue:

Deferred Revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as Deferred Revenue. Grants and entitlement received before the eligibility requirements are met are also recorded as Deferred Revenue.

Accrued Liabilities and Long-Term Obligations:

All Payables, Accrued Liabilities, and Long-Term Obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually-required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Assets:

Net Assets represent the difference between assets and liabilities. Net Assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net Assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Assets are available.

Fund Balance Reserves:

The District reserves those portions of Fund Balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved Fund Balance indicates that portion which is available for appropriation in future periods. A Fund Balance Reserve has been established for encumbrances, maintenance, capital and subsequent years' expenditures.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Revenues – Exchange and Nonexchange Transactions:

Revenue resulting from Exchange Transactions, in which each party gives and receives essentially equal value, is recorded on the actual accrual basis when the Exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year-end.

Nonexchange Transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from Nonexchange Transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

Allocation of Indirect Expenses:

The District reports all Direct Expenses by function in the Statement of Activities. Direct Expenses are those that are clearly identifiable with a function. Indirect Expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of Social Security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the Indirect Expense column of the Statement of Activities. Depreciation expense that could not be attributable to a specific function is considered an Indirect Expense and is reported separately in the Statement of Activities. Interest on long-term debt is considered an Indirect Expense and is reported separately on the Statement of Activities.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Extraordinary and Special Items:

Extraordinary Items are transactions or events that are unusual in nature and infrequent in occurrence. Special Items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. CAPITAL RESERVE ACCOUNT

Funds placed in the Capital Reserve Account are restricted to Capital Projects in the District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a District may increase the balance in the Capital Reserve by appropriating funds in the annual General Fund budget certified for taxes or by transfer by Board Resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the excess approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the Account cannot at any time exceed the local support costs of uncompleted Capital Projects in its approved LRFP.

The Ocean Gate Board of Education did not establish a Capital Reserve Account in the General Fund.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

3. MAINTENANCE RESERVE ACCOUNT

A Maintenance Reserve Account was established by the Ocean Gate Board of Education for the accumulation of funds for use as maintenance of Capital Projects in subsequent fiscal years. The Maintenance Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Maintenance Reserve Account are restricted to the maintenance of completed Capital Projects in the District's approved Long Range Facilities Plan ("LRFP").

The activity of the Maintenance Reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011 and June 30, 2012	<u>\$ 251,555.62</u>
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4. EMERGENCY RESERVE ACCOUNT

An Emergency Reserve Account was established by the Ocean Gate Board of Education for the accumulation of funds in accordance with N.J.S.A. 18A:7F-41c(1). The Emergency Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Emergency Reserve Account are to finance unanticipated General Fund expenditures required for a thorough and efficient education.

The activity of the Emergency Reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011 and June 30, 2012	<u>\$ 156,565.00</u>
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5. TRANSFERS TO CAPITAL OUTLAY

During the year ending June 30, 2012, the District transferred \$0.00 to the Capital Outlay accounts for Equipment.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

6. DEPOSITS AND INVESTMENTS

The Board of Education considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances at June 30, 2012 and 2011 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At June 30, 2012 and 2011, the book value of the Board's deposits were \$1,473,886.20 and \$1,123,387.14, respectively.

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Board's deposits might not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At June 30, 2012 and 2011, the Board's bank balances of \$1,572,598.48 and \$1,187,292.03, respectively, were exposed to Custodial Credit Risk as follows:

	<u>2012</u>	<u>2011</u>
Insured	<u>\$ 1,572,598.48</u>	<u>\$ 1,187,292.03</u>

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

6. DEPOSITS AND INVESTMENTS (CONT'D)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully-collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2012, the Board had no investments.

Interest Rate Risk

The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

7. RECEIVABLES

Receivables at June 30, 2012, consisted of interfunds and intergovernmental. All receivables are considered collectable in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	District-Wide Financial Statements
Due From Other Funds	\$ 18,848.31	\$ 4,799.88
Due From Other Governments	0.04	0.04
Federal and State Aid	<u>43,846.04</u>	<u>45,868.78</u>
	62,694.39	50,668.70
Less Allowance for Uncollectibles	<u>0.00</u>	<u>0.00</u>
Total Receivables, Net	<u>\$ 62,694.39</u>	<u>\$ 50,668.70</u>

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

8. INTERFUND BALANCES AND TRANSFERS

Balances due to/from other funds at June 30, 2012 consist of the following:

\$ 2,707.74	Due To Debt Service Fund From Capital Projects Fund representing interest earned.
15,202.69	Due To General Operating Fund From Special Revenue Fund representing a cash advance.
887.88	Due To General Operating Fund From Unemployment Fund representing a cash advance.
3,912.00	Due To Enterprise Fund From General Operating Fund representing a transfer.
50.00	Due To General Operating Fund From Capital Projects Fund representing a revenue adjustment.
<u>7,115.56</u>	Due To Unemployment Fund From Payroll Agency Fund representing employees deductions.
<u>\$ 29,875.87</u>	

Transfers

As of June 30, 2012, the District's operating transfers consisted of \$50.00 of miscellaneous income from the Capital Projects Fund to the General Fund and \$6,423.90 from the General Fund to the Food Service Fund.

9. INVENTORY

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Supplies	\$ 447.32
Food	<u>52.20</u>
	<u>\$ 499.52</u>

The value of Federal-donated commodities as reflected on Schedule A (required by the Single Audit Act of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

10. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 251,700.00			\$ 251,700.00
Total Capital Assets Not Being Depreciated	251,700.00			251,700.00
Capital Assets Being Depreciated:				
Site Improvements	192,133.46	\$ 37,673.36		229,806.82
Building and Building Improvements	3,476,770.00			3,476,770.00
Machinery and Equipment	240,824.15			240,824.15
Totals at Historical Cost	3,909,727.61	37,673.36		3,947,400.97
Less Accumulated Depreciation for:				
Site Improvements	(60,082.09)	(7,169.23)		(67,251.32)
Building and Building Improvements	(1,188,629.35)	(96,355.79)		(1,284,985.14)
Machinery and Equipment	(202,636.34)	(4,569.80)		(207,206.14)
Total Accumulated Depreciation	(1,451,347.78)	(108,094.82)		(1,559,442.60)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	2,458,379.83	(70,421.46)		2,387,958.37
Government Activity Capital Assets, Net	2,710,079.83	(70,421.46)		2,639,658.37
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	30,217.52			30,217.52
Less Accumulated Depreciation	(9,842.76)	(2,037.38)		(11,880.14)
Enterprise Fund Capital Assets, Net	20,374.76	(2,037.38)		18,337.38
Total	<u>\$ 2,730,454.59</u>	<u>\$ (72,458.84)</u>	<u>\$ 0.00</u>	<u>\$ 2,657,995.75</u>

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

10. CAPITAL ASSETS (CONT'D)

The NJ State Department of Education has set the capitalization threshold used by school districts in the State of New Jersey at \$2,000.00.

Depreciation expense was charged to functions as follows:

Student and Instructional-Related Services	\$ 21,472.26
Plant Operations and Maintenance	<u>86,622.56</u>
Total	<u>\$ 108,094.82</u>

11. LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity:

Changes in Long-Term Obligations for the year ended June 30, 2012, are as follows:

	Balance June 30, <u>2011</u>	<u>Additions</u>	<u>Retired</u>	Balance June 30, <u>2012</u>	Amounts Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
Compensated Absences Payable	\$ 78,208.00	\$ 10,112.20		\$ 88,320.20	
Bonds Payable	1,091,000.00		\$ 25,000.00	1,066,000.00	\$ 25,000.00
Loans Payable	<u>421,238.98</u>		<u>136,932.77</u>	<u>284,306.01</u>	<u>140,355.88</u>
	<u>\$ 1,590,446.98</u>	<u>\$ 10,112.20</u>	<u>\$ 161,932.77</u>	<u>\$ 1,438,626.21</u>	<u>\$ 165,355.88</u>

Compensated absences and capital leases, if applicable, have been liquidated in the General Fund.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

11. LONG-TERM OBLIGATIONS (CONT'D)

B. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

On March 29, 2007, the School District issued \$1,186,000.00 School District Bonds, Series 2007 to finance renovations to the Ocean Gate Elementary School, including the roof, boiler, flooring, and HVAC control system replacements, masonry repairs, and various other projects.

The Bonds bear interest from 4.000% to 4.125% per annum payable semi-annually on the fifteenth day of January and July of each year, until maturity. The principal is due annually on the fifteenth day of January through 2022, installments range from \$25,000.00 to \$150,000.00.

Debt Service requirements on serial bonds payable at June 30, 2012 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 25,000.00	\$ 43,935.00	\$ 68,935.00
2014	25,000.00	42,935.00	67,935.00
2015	150,000.00	41,910.00	191,910.00
2016	130,000.00	35,722.50	165,722.50
2017	130,000.00	30,360.00	160,360.00
2018	125,000.00	24,997.50	149,997.50
2019	120,000.00	19,841.26	139,841.26
2020	120,000.00	14,891.26	134,891.26
2021	120,000.00	9,941.26	129,941.26
2022	<u>121,000.00</u>	<u>4,991.26</u>	<u>125,991.26</u>
	<u>\$ 1,066,000.00</u>	<u>\$ 269,525.04</u>	<u>\$ 1,335,525.04</u>

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

11. LONG-TERM OBLIGATIONS (CONT'D)

C. Loans Payable - N.J.E.D.A.

The loan payable is a school facilities loan which is administered by, and payable to, the New Jersey Economic Development Authority. The loan is for renovation and improvements to the school.

Principal and interest due on loans outstanding is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	140,355.88	7,925.85	148,281.73
2014	<u>143,950.13</u>	<u>2,673.61</u>	<u>146,623.74</u>
	<u>\$ 284,306.01</u>	<u>\$ 10,599.46</u>	<u>\$ 294,905.47</u>

D. Bonds Authorized But Not Issued

As of June 30, 2012, the District had no authorized but not issued bonds.

E. Capital Leases

As of June 30, 2012, the District had not entered into any Capital Lease arrangements.

12. OPERATING LEASES

As of June 30, 2012, the District had not entered into any operating leases.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

13. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by New Jersey Division of Pension of and Benefits ("Division"). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly-available financial report that includes the financial statements and is required supplementary information for the Public Employees Retirement Systems and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund ("TPAF") - The Teachers' Pension and Annuity Fund was established as of January, 1955 under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional, and certified.

Public Employees' Retirement System ("PERS") - The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A: 6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members always full vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members account.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

13. PENSION PLANS (CONT'D)

Significant Legislation - During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the assets valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for reduction in the employee's rate after calendar year 1999 providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and to change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially-determined rate in both TPAF and PERS. The actuarially-determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year Funding June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 29,240.00	100%	\$ 29,240.00
2011	25,357.00	100	25,357.00
2010	29,275.00	100	29,275.00

Three-Year Trend Information (Paid on Behalf of District)

<u>Year Funding June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 111,763.00	100%	\$ 0.00
2011	75,322.00	100	0.00
2010	63,582.00	100	0.00

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

13. PENSION PLANS (CONT'D)

Contribution Requirements: (cont'd)

During the year ended June 30, 2012, the State of New Jersey contributed \$3,598.00 to the TPAF for NCGI premiums, \$33,529.00 for normal contributions and \$74,636.00 for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A: 66-66, the State of New Jersey reimbursed the District \$81,007.38 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with GASB 24.

Legislation enacted during 1991 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1992 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500.00 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The District will assume the increased cost for the early retirement as it affects their district.

14. POST – RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

15. DEFERRED COMPENSATION

The Board offers its employees choice of the following Deferred Compensation Plans created in accordance with Internal Revenue Code Section 403(b). The Plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the Plans are not available to employees until termination, retirement, death or unforeseeable emergency. The Plan Administrators are as follows:

Equitable
Siracusa
Lincoln

16. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The table below is a summary of the District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and the previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011/12	\$ 0.00	\$ 4,206.63	\$ 14,434.44	\$ 6,227.68
2010/11	0.00	4,189.21	14,659.91	16,455.49
2009/10	47.50	3,569.20	4,890.93	28,068.75

17. CONTINGENT LIABILITIES

Grant Programs

The District participates in federally-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

18. FUND BALANCE APPROPRIATED

The District has implemented GASB 54 during fiscal year 2012.

As such, fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable Fund Balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned Fund Balance – amounts a District *intends* to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned Fund Balance – amounts that are available for any purpose; these amounts are reported only in the General Fund.

Fund balance reporting is the result of State Statutes, New Jersey Department of Education regulations and motions (resolutions/ordinances) that are passed at Board meetings. The Board acts on these motions under the guidance of the District's Superintendent and Business Administrator.

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of each fiscal year, utilizing adjusting journal entries.

First, non-spendable fund balances are determined; then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-General Funds are classified as restricted fund balances.

There is a potential for the non-General Funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balances for the non-General Funds.

OCEAN GATE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

18. FUND BALANCE APPROPRIATED (CONT'D)

Classification Totals

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Fund Balances:					
Restricted	\$ 970,557.78		\$ 0.83	\$ 219,471.35	\$ 1,190,029.96
Assigned	46,716.73		2,136.00		48,852.73
Unassigned	<u>161,631.00</u>	<u>\$ (13,848.00)</u>			<u>147,783.00</u>
	<u>\$ 1,178,905.51</u>	<u>\$ (13,848.00)</u>	<u>\$ 2,136.83</u>	<u>\$ 219,471.35</u>	<u>\$ 1,386,665.69</u>

19. CALCULATION OF EXCESS SURPLUS

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2012 is \$346,101.17.

20. DEFICIT FUND BALANCE

The District has a deficit fund balance of \$(13,848.00) in the Special Revenue Fund as of June 30, 2012 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, unassigned general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$(13,848.00) is equal to the last state aid payment.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

OCEAN GATE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,464,271.00		\$ 1,464,271.00	\$ 1,464,271.08	\$ 0.08
Tuition - Other					
Interest Earned on Current Expense Emergency Reserve	750.00	\$ (750.00)			
Interest Earned on Maintenance Reserve	750.00	(750.00)			
Unrestricted Miscellaneous Revenues				6,750.18	6,750.18
Total Local Sources	1,465,771.00	(1,500.00)	1,464,271.00	1,471,021.26	6,750.26
State Sources:					
Categorical Special Education Aid	81,369.00		81,369.00	81,369.00	
Equalization Aid	795,048.00		795,048.00	823,329.00	28,281.00
Extraordinary Aid				1,215.00	1,215.00
Other State Aids - Anti-Bullying				372.00	372.00
Other State Aids				884.00	884.00
On Behalf TPAF OPEB (Post Retirement Medical) Contributions				74,636.00	74,636.00
TPAF NCGI Premiums (On-Behalf - Non-Budgeted)				3,598.00	3,598.00
TPAF Normal Contributions (On-Behalf - Non-Budgeted)				33,529.00	33,529.00
TPAF Social Security (Reimbursed - Non-Budgeted)				81,007.38	81,007.38
Total State Sources	876,417.00		876,417.00	1,099,939.38	223,522.38
Federal Sources:					
Education Jobs Fund	32,789.00	1,027.00	33,816.00	25,362.00	(8,454.00)
Total Federal Sources	32,789.00	1,027.00	33,816.00	25,362.00	(8,454.00)
Total Revenues	2,374,977.00	(473.00)	2,374,504.00	2,596,322.64	221,818.64
EXPENDITURES					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	9,366.00		9,366.00	9,366.00	
Kindergarten	76,320.00	700.80	77,020.80	76,961.87	58.93
Grades 1-5	409,736.00	48,561.89	458,297.89	437,472.50	20,825.39
Grades 6-8	65,105.00	1,040.87	66,145.87	66,145.87	
Regular Programs - Undistributed Instruction:					
Purchased Professional- Educational Services	10,000.00	(3,126.88)	6,873.12	3,874.50	2,998.62
Purchased Technical Services	10,000.00	2,503.89	12,503.89	12,173.10	330.79
Other Purchased Services (Series 400-500)	5,000.00	(1,492.52)	3,507.48	1,479.08	2,028.40
General Supplies	31,000.00	3,265.09	34,265.09	27,713.52	6,571.57
Textbooks	12,000.00	12,506.74	24,506.74	24,481.61	25.13
Other Objects	2,500.00	(2,500.00)			
Total Regular Programs - Instruction	631,027.00	61,479.88	692,506.88	659,668.05	32,838.83
Multiple Disabilities:					
Salaries of Teachers	52,563.00	(1,794.38)	50,768.62	50,583.00	185.62
Purchased Professional- Educational Services	2,000.00	(2,000.00)			
Purchased Technical Services	2,000.00	(2,000.00)			
General Supplies	3,000.00	2,825.91	5,825.91	2,979.92	2,845.99
Total Multiple Disabilities	59,563.00	(2,968.47)	56,594.53	53,562.92	3,031.61
Resource Room/Resource Center:					
Salaries of Teachers	134,408.00	10,231.11	144,639.11	88,236.75	56,402.36
Other Salaries for Instruction		18,320.00	18,320.00	18,314.75	5.25
Purchased Professional- Educational Services	2,000.00	(1,153.25)	846.75		846.75
General Supplies	1,500.00	24,140.96	25,640.96	20,670.71	4,970.25
Total Resource Room/Resource Center	137,908.00	51,538.82	189,446.82	127,222.21	62,224.61
Home Instruction:					
Other Salaries for Instruction	13,200.00		13,200.00	6,187.50	7,012.50
Total Home Instruction	13,200.00		13,200.00	6,187.50	7,012.50
Total Special Education - Instruction	210,671.00	48,570.35	259,241.35	186,972.63	72,268.72
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	93,756.00		93,756.00	78,979.32	14,776.68
Purchased Professional-Education Services	1,000.00		1,000.00	720.00	280.00
Purchased Technical Services	1,000.00		1,000.00	500.00	500.00
General Supplies	2,000.00	2,156.74	4,156.74	4,156.74	
Total Basic Skills/Remedial- Instruction	97,756.00	2,156.74	99,912.74	84,356.06	15,556.68
Total - Instruction	939,454.00	112,206.97	1,051,660.97	930,996.74	120,664.23
Undist. Expend. - Instruction:					
Tuition To Private Schools for Disabled Within State	125,006.00	(30,074.70)	94,931.30	52,450.50	42,480.80
Total Undist. Expend. - Instruction	125,006.00	(30,074.70)	94,931.30	52,450.50	42,480.80

OCEAN GATE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
Undist. Expend. - Attendance and Social Work:					
Salaries	3,500.00		3,500.00	3,499.92	0.08
Total Undist. Expend. - Attendance and Social Work	3,500.00		3,500.00	3,499.92	0.08
Undist. Expend. - Health Services:					
Salaries	54,063.00		54,063.00	50,723.00	3,340.00
Purchased Professional and Technical Services	1,000.00	40.00	1,040.00	40.00	1,000.00
Supplies and Materials	200.00		200.00	200.00	
Total Undist. Expend. - Health Services	55,263.00	40.00	55,303.00	50,963.00	4,340.00
Undist. Expend. - Speech, OT, PT & Related Services:					
Salaries	38,394.00	(11,223.20)	27,170.80	19,019.56	8,151.24
Supplies and Materials	500.00	(17.32)	482.68		482.68
Total Undist. Expend. - Speech, OT, PT & Related Services	38,894.00	(11,240.52)	27,653.48	19,019.56	8,633.92
Undist. Expend. - Other Support Serv. Students - Extra. Serv:					
Salaries	105,351.00		105,351.00	103,615.67	1,735.33
Total Undist. Expend. - Other Support Serv. Students - Extra. Serv.	105,351.00		105,351.00	103,615.67	1,735.33
Undist. Expend. - Guidance:					
Salaries of Secretarial and Clerical Assistants	23,512.00	200.00	23,712.00	23,642.13	69.87
Total Undist. Expend. - Guidance	23,512.00	200.00	23,712.00	23,642.13	69.87
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	32,753.00	457.53	33,210.53	33,210.53	
Salaries of Secretarial and Clerical Assistants	21,000.00	1,567.50	22,567.50	22,557.50	10.00
Purchased Professional - Educational Services	38,000.00	23,777.50	61,777.50	61,777.50	
Other Purchased Professional and Technical Services	10,000.00	1,880.86	11,880.86	11,880.86	
Misc. Purch. Serv.(400-500 Series O/than Resid. Costs)	3,000.00	100.00	3,100.00	3,100.00	
Supplies and Materials	1,000.00	1,815.03	2,815.03	2,409.50	405.53
Other Objects	2,000.00	(457.53)	1,542.47	1,310.00	232.47
Total Undist. Expend. - Child Study Teams	107,753.00	29,140.89	136,893.89	136,245.89	648.00
Undist. Expend. - Improvement of Instructional Services:					
Other Purchased Professional and Technical Services	5,000.00	(1,636.52)	3,363.48	705.00	2,658.48
Other Purchased Services		27.04	27.04	27.04	
Supplies and Materials	10,000.00	26,540.78	36,540.78	36,512.24	28.54
Other Objects	750.00		750.00	353.00	397.00
Total Undist. Expend. - Improvement of Instructional Services	15,750.00	24,931.30	40,681.30	37,597.28	3,084.02
Undist. Expend. - Educational Media/School Library:					
Salaries of Technology Coordinators	5,000.00	11,364.10	16,364.10	5,146.00	11,218.10
Other Purchased Services (400-500 Series)	10,000.00	(2,185.00)	7,815.00	7,662.28	152.72
Supplies and Materials	1,000.00	(823.44)	176.56	77.44	99.12
Total Undist. Expend. - Educational Media/School Library	16,000.00	8,355.66	24,355.66	12,885.72	11,469.94
Undist. Expend. - Instructional Staff Training Services:					
Other Purchased Prof. and Tech. Services	5,000.00	(1,172.00)	3,828.00	3,546.00	282.00
Total Undist. Expend. - Instructional Staff Training Services	5,000.00	(1,172.00)	3,828.00	3,546.00	282.00
Undist. Expend. - Support Services - General Administration:					
Salaries	48,384.00	1,500.00	49,884.00	49,884.00	
Legal Services	8,600.00	8,212.16	16,812.16	16,812.16	
Audit Fees	17,000.00	335.00	17,335.00	17,335.00	
Purchased Technical Services		2,547.72	2,547.72	2,547.72	
Communications/Telephone	8,400.00	80.73	8,480.73	2,700.82	5,779.91
BOE Other Purchased Professional Services		1,093.81	1,093.81	1,093.81	
Other Purchased Services		138.21	138.21	138.21	
General Supplies		898.00	898.00	898.00	
BOE In-House Training/Meeting Supplies	1,100.00	(1,070.10)	29.90		29.90
Misc. Expenditures		478.35	478.35	478.35	
BOE Membership Dues and Fees	2,000.00		2,000.00	1,809.75	190.25
Total Undist. Expend. - Support Services - General Administration	85,484.00	14,213.88	99,697.88	93,697.82	6,000.06
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	48,383.00	1.00	48,384.00	48,384.00	
Supplies and Materials		1,030.40	1,030.40	1,030.40	
Other Objects	200.00	50.00	250.00	250.00	
Total Undist. Expend. - Support Services - School Administration	48,583.00	1,081.40	49,664.40	49,664.40	

OCEAN GATE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
Undist. Expend. - Central Services:					
Salaries	74,658.00	4,298.02	78,956.02	78,949.64	6.38
Misc. Purchased Services	5,400.00	(1,418.59)	3,981.41	3,082.38	899.03
Supplies and Materials		1,053.02	1,053.02	1,053.02	
Miscellaneous Expenditures	1,500.00	1,613.00	3,113.00	3,031.64	81.36
Total Undist. Expend. - Central Services	81,558.00	5,545.45	87,103.45	86,116.68	986.77
Undist. Expend. - Admin. Info. Tech.:					
Purchased Technical Services	7,000.00	3,327.61	10,327.61	10,327.61	
Other Purchased Services	2,000.00		2,000.00	2,000.00	
Total Undist. Expend. - Admin. Info. Tech.	9,000.00	3,327.61	12,327.61	12,327.61	
Interest Earned on Maintenance Reserve	750.00	(750.00)			
	750.00	(750.00)			
Undist. Expend. - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	30,000.00	(21,565.67)	8,434.33	8,434.33	
General Supplies	7,000.00	(5,763.42)	1,236.58	1,236.58	
Other Objects	8,287.00	(6,311.84)	1,975.16	1,840.80	134.36
Total Undist. Expend. - Required Maintenance for School Facilities	45,287.00	(33,640.93)	11,646.07	11,511.71	134.36
Undist. Expend. - Custodial Services:					
Salaries	39,756.00	26,425.73	66,181.73	66,070.95	110.78
Purchased Professional and Technical Services	3,000.00	1,360.00	4,360.00	1,980.00	2,380.00
Cleaning, Repair and Maintenance Services	10,000.00	(3,000.00)	7,000.00	5,626.75	1,373.25
Rental of Land and Buildings Other Than Lease Purchase Agrmt	2.00		2.00		2.00
Other Purchased Property Services	2,500.00		2,500.00	2,244.18	255.82
Insurance	50,000.00	(7,404.99)	42,595.01	39,602.00	2,993.01
Miscellaneous Purchased Services		200.00		110.61	89.39
General Supplies	12,000.00	2,730.79	14,730.79	14,618.92	111.87
Energy (Electricity)	35,000.00		35,000.00	26,954.45	8,045.55
Energy (Natural Gas)	28,000.00	(797.23)	27,202.77	14,430.38	12,772.39
Total Undist. Expend. - Custodial Services	180,258.00	19,514.30	199,772.30	171,638.24	28,134.06
Undist. Expend. - Care & Upkeep of Grounds:					
Salaries	5,000.00		5,000.00	4,999.92	0.08
Purchased Professional and Technical Services	6,000.00		6,000.00	5,616.00	384.00
General Supplies	1,200.00	100.00	1,300.00	181.46	1,118.54
Total Undist. Expend. - Care & Upkeep of Grounds	12,200.00	100.00	12,300.00	10,797.38	1,502.62
Total Undist. Expend. - Oper. & Maint. of Plant	237,745.00	(14,026.63)	223,718.37	193,947.33	29,771.04
Undist. Expend. - Student Transportation Services:					
Contracted Services (Other Than Bet. Home & School) - Vendors	5,000.00		5,000.00	2,127.45	2,872.55
Contracted Services (Special Ed. Students) - ESCs & CTSA's	40,000.00		40,000.00	7,120.00	32,880.00
Contracted Services Aid In Lieu of Payments - NonPublic	7,500.00		7,500.00	1,326.00	6,174.00
Total Undist. Expend. - Student Transportation Services	52,500.00		52,500.00	10,573.45	41,926.55
Interest Earned on Current Expense Emergency Reserve	750.00	(750.00)			
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	44,000.00	11,841.14	55,841.14	35,655.42	20,185.72
Other Retirement Contributions - Regular	30,763.00	6,147.60	36,910.60	33,759.09	3,151.51
Workmen's Compensation	1,000.00		1,000.00		1,000.00
Health Benefits	425,000.00	(6,147.60)	418,852.40	365,413.46	53,438.94
Tuition Reimbursement	1,000.00		1,000.00		1,000.00
Other Employee Benefits		5,557.50	5,557.50	5,557.50	
Total Unallocated Benefits - Employee Benefits	501,763.00	17,398.64	519,161.64	440,385.47	78,776.17
On Behalf TPAF OPEB (Post Retirement Medical) Contributions				74,636.00	(74,636.00)
TPAF NCGI Premiums (On-Behalf - Non-Budgeted)				3,598.00	(3,598.00)
TPAF Normal Contributions (On-Behalf - Non-Budgeted)				33,529.00	(33,529.00)
TPAF Social Security (Reimbursed - Non-Budgeted)				81,007.38	(81,007.38)
Total On-Behalf Contributions				192,770.38	(192,770.38)
Total Personal Services - Employee Benefits	501,763.00	17,398.64	519,161.64	633,155.85	(113,994.21)
Total Undistributed Expenditures	1,512,662.00	47,720.98	1,560,382.98	1,522,948.81	37,434.17
Total Expenditures - Current Expense	2,453,616.00	158,427.95	2,612,043.95	2,453,945.55	158,098.40

OCEAN GATE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
SPECIAL SCHOOLS:					
Summer School - Instruction:					
Salaries of Teachers	35,760.00	12,757.17	48,517.17	13,688.00	34,829.17
Other Salaries for Instruction	10,000.00	(760.00)	9,240.00	5,677.00	3,563.00
Purchased Professional & Technical Services		2,040.00	2,040.00	2,040.00	
Total Summer School - Instruction	45,760.00	14,037.17	59,797.17	21,405.00	38,392.17
Summer School - Support Services:					
Purchased Professional & Technical Services		3,737.50	3,737.50	3,737.50	
Total Summer School - Support Services		3,737.50	3,737.50	3,737.50	
Total Special Schools	45,760.00	17,774.67	63,534.67	25,142.50	38,392.17
Total Expenditures	2,499,376.00	176,202.62	2,675,578.62	2,479,088.05	196,490.57
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(124,399.00)	(176,675.62)	(301,074.62)	117,234.59	418,309.21
Other Financing Sources/(Uses):					
Operating Transfers In/(Out):					
Transfer To Cover Deficit in Enterprise Fund		(6,423.90)	(6,423.90)	(6,423.90)	
Total Other Financing Sources/(Uses)		(6,423.90)	(6,423.90)	(6,423.90)	
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(124,399.00)	(183,099.52)	(307,498.52)	110,810.69	418,309.21
Fund Balances, July 1	1,155,542.13		1,155,542.13	1,155,542.13	
Fund Balances, June 30	\$ 1,031,143.13	\$ (183,099.52)	\$ 848,043.61	\$ 1,266,352.82	\$ 418,309.21
Recapitulation:					
Restricted For:					
Maintenance Reserve				\$ 251,555.62	
Emergency Reserve				156,515.00	
Excess Surplus - Designated for Subsequent Years Expenditures				216,385.99	
Excess Surplus - Current Year				343,080.48	
Assigned To:					
Year-End Encumbrances				46,716.72	
Designated for Subsequent Years Expenditures				0.01	
Unassigned Fund Balance				252,099.00	
				1,266,352.82	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(90,468.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,175,884.82	

OCEAN GATE SCHOOL DISTRICT
 EDUCATION JOBS FUND - BUDGET AND ACTUAL
 GENERAL FUND
 Fiscal year ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES:					
Federal Sources:					
Education Jobs Fund	\$ 32,789.00	\$ 1,027.00	\$ 33,816.00	\$ 25,362.00	\$ (8,454.00)
Total Federal Sources	<u>32,789.00</u>	<u>1,027.00</u>	<u>33,816.00</u>	<u>25,362.00</u>	<u>(8,454.00)</u>
Total Revenues	<u>32,789.00</u>	<u>1,027.00</u>	<u>33,816.00</u>	<u>25,362.00</u>	<u>(8,454.00)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 1-5		33,816.00	33,816.00	13,185.61	20,630.39
Total - Instruction		<u>33,816.00</u>	<u>33,816.00</u>	<u>13,185.61</u>	<u>20,630.39</u>
Total Expenditures - Current Expense		<u>33,816.00</u>	<u>33,816.00</u>	<u>13,185.61</u>	<u>20,630.39</u>
Total Expenditures		<u>33,816.00</u>	<u>33,816.00</u>	<u>13,185.61</u>	<u>20,630.39</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	32,789.00	(32,789.00)		12,176.39	12,176.39
Fund Balances, July 1					
Fund Balances, June 30	<u>\$ 32,789.00</u>	<u>\$ (32,789.00)</u>	<u>\$ 0.00</u>	<u>\$ 12,176.39</u>	<u>\$ 12,176.39</u>

OCEAN GATE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND

Fiscal year ended June 30, 2012

	Final Budget	Actual	Variance Final To Actual
Revenues:			
Local Sources	\$ 450.00	\$ 450.00	
State Sources	120,792.94	120,792.94	
Federal Sources	65,560.28	65,560.28	
Total Revenues	<u>186,803.22</u>	<u>186,803.22</u>	
Expenditures:			
Instruction:			
Salaries of Teachers	89,857.00	89,857.00	
Other Salaries for Instruction	46,500.00	46,500.00	
Purchased Professional and Technical Services	11,529.66	11,529.66	
General Supplies	13,339.94	13,339.94	
Total Instruction	<u>161,226.60</u>	<u>161,226.60</u>	
Support Services:			
Salaries of Program Directors	24,192.00	24,192.00	
Supplies and Materials	1,384.62	1,384.62	
Total Support Services	<u>25,576.62</u>	<u>25,576.62</u>	
Total Expenditures	<u>186,803.22</u>	<u>186,803.22</u>	
Total Outflows	<u>186,803.22</u>	<u>186,803.22</u>	
Excess/(Deficiency) of Revenues Over/(Under)			
Expenditures and Other Financing Uses	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

OCEAN GATE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION

Fiscal year ended June 30, 2012

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 2,599,343.33	\$ 186,803.22
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
PY Encumbrance		70.81
CY Encumbrance		(9,715.14)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	84,816.84	10,553.16
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(90,468.00)</u>	<u>(13,848.00)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 2,593,692.17</u>	<u>\$ 173,864.05</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 2,479,088.05	\$ 186,803.22
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
PY Encumbrance		70.81
CY Encumbrance		<u>(9,715.14)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 2,479,088.05</u>	<u>\$ 177,158.89</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

OCEAN GATE SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ended June 30, 2012

	Preschool Basic Education	NCLB			IDEA			Local- NJSEAIG	Totals
		Title I Part A	Title II Part A	Title II Part D (10/11)	ARRA Title I	ARRA IDEA Basic	IDEA Preschool		
<u>Revenues</u>									
Local Sources	\$ 120,792.94	\$ 41,848.62	\$ 11,529.66	\$ 373.00	\$ 1,142.00	\$ 6,016.00	\$ 4,851.00	\$ 450.00	\$ 450.00
State Sources									120,792.94
Federal Sources									65,560.28
Total Revenues	\$ 120,792.94	\$ 41,848.62	\$ 11,529.66	\$ 373.00	\$ 1,142.00	\$ 6,016.00	\$ 4,851.00	\$ 450.00	\$ 186,803.22
<u>Expenditures</u>									
Instruction:									
Salaries of Teachers	\$ 49,857.00	\$ 40,000.00							\$ 89,857.00
Other Salaries for Instruction	46,500.00								46,500.00
Purchased Professional and Technical Services			\$ 11,529.66						11,529.66
General Supplies	243.94	914.00		\$ 373.00	\$ 1,142.00	\$ 6,016.00	\$ 4,851.00		13,339.94
Total Instruction	96,600.94	40,914.00	11,529.66	373.00	1,142.00	6,016.00	4,851.00		161,226.60
Support Services:									
Salaries of Program Directors	24,192.00	934.62						\$ 450.00	24,192.00
Supplies and Materials									1,384.62
Total Support Services	24,192.00	934.62						450.00	25,576.62
Total Expenditures	\$ 120,792.94	\$ 41,848.62	\$ 11,529.66	\$ 373.00	\$ 1,142.00	\$ 6,016.00	\$ 4,851.00	\$ 450.00	\$ 186,803.22

OCEAN GATE SCHOOL DISTRICT

SPECIAL REVENUE FUND

SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS

For the fiscal year ended June 30, 2012

DISTRICT-WIDE TOTALS

	2012 <u>Budgeted</u>	2012 <u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 49,857.00	\$ 49,857.00	
Other Salaries for Instruction	46,500.00	46,500.00	
General Supplies	<u>1,000.00</u>	<u>243.94</u>	\$ <u>756.06</u>
Total Instruction	<u>97,357.00</u>	<u>96,600.94</u>	<u>756.06</u>
Support Services:			
Salaries of Program Directors	24,192.00	24,192.00	
Personal Services - Employee Benefits	14,949.00		14,949.00
Travel	<u>2,869.08</u>		<u>2,869.08</u>
Total Support Services	<u>42,010.08</u>	<u>24,192.00</u>	<u>17,818.08</u>
Total Expenditures	<u>\$ 139,367.08</u>	<u>\$ 120,792.94</u>	<u>\$ 18,574.14</u>

SUMMARY OF LOCATION TOTALS

Total revised 2011-12 Preschool Education Aid Allocation	<u>\$ 139,367.08</u>
Total Preschool Education Aid Funds Available for 2011/12 Budget	139,367.08
Less:	
2011/12 Budgeted Preschool Education Aid (Including prior-year budget carryover)	<u>(139,367.08)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2012	
Add:	
June 30, 2012 Unexpended Preschool Education Aid	<u>18,574.14</u>
2011/12 Carryover - Preschool Education Aid/Preschool	<u>\$ 18,574.14</u>
2011/12 Preschool Education Aid Carryover Budgeted for Preschool Programs 2012/13	<u>\$ 0.00</u>

CAPITAL PROJECTS FUND
DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

OCEAN GATE SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SUMMARY STATEMENT OF PROJECT EXPENDITURES

For the year ended June 30, 2012

<u>Project Title/Issue</u>	<u>Date</u>	Original	<u>Expenditures To Date</u>		Unexpended <u>Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Renovation of the Elementary School	12/12/06	<u>\$ 1,186,916.00</u>	<u>\$ 928,859.30</u>	<u>\$ 37,673.36</u>	<u>\$ 220,383.34</u>
		<u><u>\$ 1,186,916.00</u></u>	<u><u>\$ 928,859.30</u></u>	<u><u>\$ 37,673.36</u></u>	<u><u>\$ 220,383.34</u></u>
Unexpended Balance					\$ 220,383.34
Authorization Not Funded					<u>(911.99)</u>
Fund Balance (B-2)					<u><u>\$ 219,471.35</u></u>

OCEAN GATE SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS

For the year ended June 30, 2012

Revenues and Other Financing Sources:	
Local Income - Miscellaneous	\$ 50.00
Total Revenues	50.00
Expenditures and Other Financing Sources:	
Other Purchased Professional Services	8,770.86
Construction Services	28,902.50
Total Expenditures	37,673.36
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(37,623.36)
Other Financing Sources/(Uses):	
Transfer - Miscellaneous - Interfund to General Operating	(50.00)
Total Other Financing Sources/(Uses)	(50.00)
Net Change in Fund Balance	(37,673.36)
Fund Balance - July 1	257,144.71
Fund Balance - June 30	\$ 219,471.35

OCEAN GATE SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS

RENOVATION OF THE ELEMENTARY SCHOOL

From inception and for the year ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond Proceeds	\$ 1,186,004.01		\$ 1,186,004.01	\$ 1,186,916.00
Total Revenues	<u>1,186,004.01</u>		<u>1,186,004.01</u>	<u>1,186,916.00</u>
Expenditures and Other Financing Sources:				
Other Purchased Professional Services	82,462.05	\$ 8,770.86	91,232.91	82,462.05
Legal Services	2,649.50		2,649.50	2,649.50
Other Purchased Professional and Technical Services	48,867.93		48,867.93	48,867.93
Construction Services	794,039.78	28,902.50	822,942.28	1,029,216.48
General Supplies				22,880.00
Other Objects	<u>840.04</u>		<u>840.04</u>	<u>840.04</u>
Total Expenditures	<u>928,859.30</u>	<u>37,673.36</u>	<u>966,532.66</u>	<u>1,186,916.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 257,144.71</u>	<u>\$ (37,673.36)</u>	<u>\$ 219,471.35</u>	<u>\$ 0.00</u>

Additional Project Information:

Project Number	Not Applicable
Grant Date/Letter of Notification	Not Applicable
Bond Authorization (Referendum) Date	12/12/06
Bonds Authorized	\$ 1,186,000.00
Bonds Issued	1,186,000.00
Original Authorized Cost	1,186,916.00
Additional Authorized Cost	Not Applicable
Revised Authorized Cost	Not Applicable

Percentage Increase over Original Authorized Cost	Not Applicable
Percentage Completion	90%
Original Target Completion Date	08/15/07
Revised Target Completion Date	08/10/10

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

FOOD SERVICE FUND

This Fund provides for the operation of food services within the School District.

This section has already been included in Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund: This Agency Fund is used to account for student funds held at the schools.

Unemployment Agency Fund: This Fund is used to account for assets to finance the cost of unemployment benefits.

Payroll Agency: This Agency Fund is used to account for the payroll transactions of the School District.

OCEAN GATE SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2012

	<u>Agency Fund</u>	<u>Unemployment Trust</u>	<u>Totals</u>
Assets:			
Cash and Cash Equivalents	\$ 20,637.68		\$ 20,637.68
Intrafund Receivable	<u> </u>	<u>\$ 7,115.56</u>	<u>7,115.56</u>
Total Assets	<u>\$ 20,637.68</u>	<u>\$ 7,115.56</u>	<u>\$ 27,753.24</u>
Liabilities:			
Payable To Student Groups	\$ 5,947.02		\$ 5,947.02
Payroll Deductions and Withholdings	7,575.10		7,575.10
Interfund Payable		\$ 887.88	887.88
Intrafund Payable	<u>7,115.56</u>	<u> </u>	<u>7,115.56</u>
Total Liabilities	<u>20,637.68</u>	<u>887.88</u>	<u>21,525.56</u>
Net Assets:			
Held in Trust for Unemployment Claims and Other Purposes	<u> </u>	<u>6,227.68</u>	<u>6,227.68</u>
Total Net Assets	<u> </u>	<u>6,227.68</u>	<u>6,227.68</u>
Total Liabilities and Net Assets	<u>\$ 20,637.68</u>	<u>\$ 7,115.56</u>	<u>\$ 27,753.24</u>

OCEAN GATE SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2012

	Unemployment Compensation <u>Trust</u>	<u>Total</u>
Additions:		
Contributions:		
Employee Contributions	\$ 4,206.63	\$ 4,206.63
Total Contributions	<u>4,206.63</u>	<u>4,206.63</u>
Total Additions	<u>4,206.63</u>	<u>4,206.63</u>
Deductions:		
Payment of Claims	<u>14,434.44</u>	<u>14,434.44</u>
Total Deductions	<u>14,434.44</u>	<u>14,434.44</u>
Change in Net Assets	(10,227.81)	(10,227.81)
Net Assets - Beginning of Year	<u>16,455.49</u>	<u>16,455.49</u>
Net Assets - End of Year	<u>\$ 6,227.68</u>	<u>\$ 6,227.68</u>

OCEAN GATE SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 STUDENT ACTIVITY AGENCY FUND

June 30, 2012

	Balance July 1, <u>2011</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2012</u>
Elementary School	<u>\$ 4,619.79</u>	<u>\$ 7,437.01</u>	<u>\$ 6,109.78</u>	<u>\$ 5,947.02</u>
Total Assets	<u><u>\$ 4,619.79</u></u>	<u><u>\$ 7,437.01</u></u>	<u><u>\$ 6,109.78</u></u>	<u><u>\$ 5,947.02</u></u>

OCEAN GATE SCHOOL DISTRICT

PAYROLL AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

June 30, 2012

	Balance July 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2012</u>
<u>Assets</u>				
Cash	\$ 10,407.02	\$ 1,660,578.78	\$ 1,656,295.14	\$ 14,690.66
Total Assets	<u>\$ 10,407.02</u>	<u>\$ 1,660,578.78</u>	<u>\$ 1,656,295.14</u>	<u>\$ 14,690.66</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 7,498.09	\$ 1,653,463.22	\$ 1,653,386.21	\$ 7,575.10
Intrafund Payable	<u>2,908.93</u>	<u>7,115.56</u>	<u>2,908.93</u>	<u>7,115.56</u>
Total Liabilities	<u>\$ 10,407.02</u>	<u>\$ 1,660,578.78</u>	<u>\$ 1,656,295.14</u>	<u>\$ 14,690.66</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding and obligations under capital leases.

OCEAN GATE SCHOOL DISTRICT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
STATEMENT OF SERIAL BONDS

June 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>				
Renovations To Ocean Gate Elementary School	03/29/07	\$ 1,186,000.00	01/15/13	\$ 25,000.00	4.000%			
			01/15/14	25,000.00	4.100%			
			01/15/15	150,000.00	4.125%			
			01/15/16-17	130,000.00	4.125%			
			01/15/18	125,000.00	4.125%			
			01/15/19-21	120,000.00	4.125%			
			01/15/22	121,000.00	4.125%	\$ 1,091,000.00	\$ 25,000.00	\$ 1,066,000.00
						<u>\$ 1,091,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 1,066,000.00</u>

OCEAN GATE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

For the fiscal year ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/(Negative) Final To Actual</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 121,290.00		\$ 121,290.00	\$ 121,290.00	
State Sources:					
Debt Service Aid	<u>95,863.00</u>		<u>95,863.00</u>	<u>95,863.00</u>	
Total Revenues	<u>217,153.00</u>		<u>217,153.00</u>	<u>217,153.00</u>	
<u>Expenditures</u>					
Regular Debt Service:					
Interest	57,928.00		57,928.00	57,927.54	\$ 0.46
Redemption of Principal	<u>161,933.00</u>		<u>161,933.00</u>	<u>161,932.97</u>	<u>0.03</u>
Total Regular Debt Service	<u>219,861.00</u>		<u>219,861.00</u>	<u>219,860.51</u>	<u>0.49</u>
Total Expenditures	<u>219,861.00</u>		<u>219,861.00</u>	<u>219,860.51</u>	<u>0.49</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>(2,708.00)</u>		<u>(2,708.00)</u>	<u>(2,707.51)</u>	<u>0.49</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,708.00)		(2,708.00)	(2,707.51)	0.49
Fund Balance, July 1	<u>4,844.34</u>		<u>4,844.34</u>	<u>4,844.34</u>	
Fund Balance, June 30	<u>\$ 2,136.34</u>	<u>\$ 0.00</u>	<u>\$ 2,136.34</u>	<u>\$ 2,136.83</u>	<u>\$ 0.49</u>
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Budgeted Fund Balance	<u>\$ (2,708.00)</u>	<u>\$ 0.00</u>	<u>\$ (2,708.00)</u>	<u>\$ (2,707.51)</u>	<u>\$ 0.49</u>

OCEAN GATE SCHOOL DISTRICT
STATEMENT OF LOANS PAYABLE - N.J.E.D.A.

June 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturity</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>				
Small Project Loan	08/18/93	\$ 1,136,000.00	07/15/12	\$ 80,566.41	5.288%	\$ 241,870.50	\$ 77,143.50	\$ 164,727.00
			07/15/13	84,160.59				
School Facilities Program Loan	08/18/93	1,136,000.00	07/15/12	59,789.47	1.500%	179,368.48	59,789.47	119,579.01
			07/15/13	59,789.54				
						<u>\$ 421,238.98</u>	<u>\$ 136,932.97</u>	<u>\$ 284,306.01</u>

STATISTICAL SECTION

FINANCIAL TRENDS/INFORMATION SCHEDULES

OCEAN GATE SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Government Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 899,954.27	\$ 945,466.56	\$ 1,013,923.22	\$ (16,957.06)	\$ 867,288.98	\$ 953,824.15	\$ 1,110,815.44	\$ 1,197,840.85	\$ 1,289,352.36
Restricted	115,804.82	89,518.62	97,526.68	1,402,448.33	962,710.08	1,302,566.99	1,056,981.07	1,121,730.36	1,200,083.28
Unrestricted	6,298.17	(25,138.41)	(4,415.97)	133,153.47	122,831.59	56,646.23	107,229.28	93,299.16	73,310.80
Total Government Activities Net Assets	\$ 1,022,057.26	\$ 1,009,846.77	\$ 1,107,033.93	\$ 1,518,644.74	\$ 1,952,830.65	\$ 2,313,037.37	\$ 2,275,025.79	\$ 2,412,870.37	\$ 2,562,746.44
Business-Type Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 1,601.00	\$ 1,280.80	\$ 1,346.00	\$ 962.00	\$ 6,884.89	\$ 194.00	\$ 22,605.14	\$ 20,374.76	\$ 18,337.38
Unrestricted	12,024.47	3,856.19	3,283.09	5,922.89	6,368.32	34,360.12	6,521.68	4,184.41	730.47
Total Business-Type Activities Net Assets	\$ 13,625.47	\$ 5,136.99	\$ 4,629.09	\$ 6,884.89	\$ 13,253.21	\$ 34,554.12	\$ 29,126.82	\$ 24,559.17	\$ 19,067.85
District-wide:									
Invested in Capital Assets, Net of Related Debt	\$ 901,555.27	\$ 946,747.36	\$ 1,015,269.22	\$ (15,995.06)	\$ 874,173.87	\$ 954,018.15	\$ 1,133,420.58	\$ 1,218,215.61	\$ 1,307,689.74
Restricted	115,804.82	89,518.62	97,526.68	1,402,448.33	962,710.08	1,302,566.99	1,056,981.07	1,121,730.36	1,200,083.28
Unrestricted	18,322.64	(21,282.22)	(1,132.88)	139,076.36	129,199.91	91,006.35	113,750.96	97,483.57	74,041.27
Total District Net Assets	\$ 1,035,682.73	\$ 1,014,983.76	\$ 1,111,663.02	\$ 1,525,529.63	\$ 1,966,083.86	\$ 2,347,591.49	\$ 2,304,152.61	\$ 2,437,429.54	\$ 2,581,814.29

OCEAN GATE SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:									
Governmental Activities:									
Instruction:									
Regular	\$ (928,448.20)	\$ (1,129,343.06)	\$ (1,179,915.80)	\$ (804,320.49)	\$ (937,743.73)	\$ (1,218,460.44)	\$ (1,172,769.92)	\$ (1,137,014.11)	\$ (1,162,974.38)
Special Education	(289,630.45)	(267,366.22)	(232,695.22)	(410,566.06)	(426,070.72)	(123,324.21)	(292,249.52)	(249,152.96)	(292,489.85)
Other Special Education	(792.54)	(13,125.82)	(400.87)	(480.00)					
Other Instruction			(1,795.50)	(48,530.92)	(28,275.76)	(29,040.76)	(77,392.52)	(99,790.50)	(84,356.06)
Support Services:									
Tuition	(233,148.34)	(238,081.62)	(162,116.58)	(143,762.42)	(72,124.76)	(62,412.15)	(71,703.84)	(40,077.88)	(52,450.50)
Student and Instruction Related Services	(294,724.76)	(406,631.67)	(435,745.50)	(332,406.46)	(349,443.14)	(426,567.08)	(414,535.62)	(504,688.98)	(517,789.81)
School Administrative Services	(38,765.62)	(90,295.18)	(65,599.32)	(127,267.40)	(132,317.47)	(113,696.73)	(87,908.78)	(98,075.25)	(102,814.91)
General Administration	(309,323.22)	(271,076.10)	(300,065.40)	(106,380.74)	(101,602.80)	(104,594.97)	(105,912.31)	(111,928.49)	(93,687.82)
Plant Operations and Maintenance	(224,148.63)	(224,410.37)	(233,248.76)	(227,568.18)	(342,779.94)	(358,187.44)	(328,389.76)	(341,030.01)	(307,145.14)
Central Services				(100,938.92)	(94,892.59)	(88,107.64)	(85,665.81)	(102,685.27)	(112,691.93)
Administrative Information Technology				(4,557.00)	(5,030.00)	(5,302.00)	(9,219.24)	(9,470.60)	(12,327.61)
Pupil Transportation	(112,079.30)	(128,726.24)	(123,005.48)	(89,518.85)	(58,968.28)	(47,883.96)	(57,110.97)	(26,429.48)	(10,573.45)
Special Schools		(17,898.39)	(17,344.18)	(23,338.40)	(23,338.40)	(31,258.56)	(26,273.25)	(26,225.33)	(25,142.50)
Interest on Long-Term Debt	(29,214.38)	(38,313.94)	(38,175.57)	(44,885.91)	(76,490.08)	(73,059.34)	(66,959.02)	(62,390.81)	(53,955.29)
Unallocated Depreciation	(9,530.38)	(9,806.76)	(11,622.00)	(11,522.00)	(11,900.00)		(87,866.26)		
Total Governmental Activities Expenses	<u>(2,469,811.82)</u>	<u>(2,835,075.37)</u>	<u>(2,801,730.18)</u>	<u>(2,469,400.35)</u>	<u>(2,660,977.67)</u>	<u>(2,681,895.28)</u>	<u>(2,883,956.92)</u>	<u>(2,808,959.67)</u>	<u>(2,828,409.25)</u>
Business-Type Activities:									
Food Service	(51,913.05)	(61,267.08)	(62,567.41)	(52,776.90)	(60,377.71)	(52,251.32)	(66,447.01)	(61,852.51)	(69,357.11)
Total Business-Type Activities Expenses	<u>(51,913.05)</u>	<u>(61,267.08)</u>	<u>(62,567.41)</u>	<u>(52,776.90)</u>	<u>(60,377.71)</u>	<u>(52,251.32)</u>	<u>(66,447.01)</u>	<u>(61,852.51)</u>	<u>(69,357.11)</u>
Total District Expenses	<u>\$ (2,521,724.87)</u>	<u>\$ (2,896,342.45)</u>	<u>\$ (2,864,297.59)</u>	<u>\$ (2,522,177.25)</u>	<u>\$ (2,721,355.38)</u>	<u>\$ (2,734,146.60)</u>	<u>\$ (2,950,403.93)</u>	<u>\$ (2,870,812.18)</u>	<u>\$ (2,897,766.36)</u>
Program Revenues:									
Governmental Activities:									
Charges for Services	\$ 101,765.00	\$ 100,933.00	\$ 85,067.00	\$ 99,282.00	\$ 98,482.00	\$ 2,650.00	\$ 2,715.68	\$ 98,287.00	\$ 95,863.00
Operating Grants and Contributions									
Total Governmental Activities Program Revenues	<u>101,765.00</u>	<u>100,933.00</u>	<u>85,067.00</u>	<u>99,282.00</u>	<u>98,482.00</u>	<u>158,794.00</u>	<u>126,631.68</u>	<u>98,287.00</u>	<u>95,863.00</u>
Business-Type Activities:									
Charges for Services:									
Food Service	14,587.26	17,386.13	21,847.23	19,325.05	20,168.66	17,688.08	18,288.00	16,593.46	13,211.93
Operating Grants and Contributions	24,256.33	27,821.74	29,510.92	21,522.36	31,759.80	45,133.79	42,731.71	38,300.74	44,229.96
Total Business-Type Activities Program Revenues	<u>38,843.59</u>	<u>45,207.87</u>	<u>51,358.15</u>	<u>40,847.41</u>	<u>51,928.46</u>	<u>62,821.87</u>	<u>61,019.71</u>	<u>54,894.20</u>	<u>57,441.89</u>
Total District Program Revenues	<u>\$ 140,608.59</u>	<u>\$ 146,140.87</u>	<u>\$ 136,425.15</u>	<u>\$ 140,129.41</u>	<u>\$ 150,390.46</u>	<u>\$ 221,605.87</u>	<u>\$ 187,651.39</u>	<u>\$ 153,181.20</u>	<u>\$ 153,304.89</u>

OCEAN GATE SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenue:									
Governmental Activities	\$ (2,368,046.82)	\$ (2,734,142.37)	\$ (2,716,663.18)	\$ (2,370,118.35)	\$ (2,562,515.67)	\$ (2,523,111.28)	\$ (2,757,325.24)	\$ (2,710,672.67)	\$ (2,732,546.25)
Business-Type Activities	(13,069.46)	(16,059.21)	(11,209.26)	(11,929.49)	(8,449.25)	10,570.55	(5,427.30)	(6,958.31)	(11,915.22)
Total District-wide Net (Expense)/Revenue	\$ (2,381,116.28)	\$ (2,750,201.58)	\$ (2,727,872.44)	\$ (2,382,047.84)	\$ (2,570,964.92)	\$ (2,512,540.73)	\$ (2,762,752.54)	\$ (2,717,630.98)	\$ (2,744,461.47)
General Revenues and Other Changes in Net Assets:									
Governmental Activities:									
Property Taxes Levied for General Purposes, Net	\$ 1,160,196.00	\$ 1,199,081.00	\$ 1,228,295.00	\$ 1,387,828.00	\$ 1,471,435.00	\$ 1,530,292.00	\$ 1,498,990.00	\$ 1,466,984.00	\$ 1,464,271.08
Taxes Levied for Debt Service	83,458.00	35,580.00	104,722.00	80,869.00	135,991.00	68,412.00	89,889.00	121,695.00	121,290.00
Unrestricted Grants and Contributions	1,266,292.88	1,471,916.72	1,469,589.13	1,296,614.85	1,366,931.72	1,274,089.49	1,115,755.26	1,249,459.23	1,293,064.27
Investment Earnings	175.29	119.38	4,387.62	26,066.13	36,475.46	6,390.30	10,197.99	8,681.68	
Loss on Disposal of Assets					(6,682.00)				
Miscellaneous Income	34,770.77	22,734.78	9,385.27	4,351.18	7,176.65	14,693.22	4,681.38	4,013.09	10,270.87
Transfers	(13,613.50)	(7,500.00)	(10,065.01)	(14,000.00)	(14,626.25)	(10,558.98)		(2,315.75)	(6,473.90)
Total Governmental Activities	2,531,279.44	2,721,931.88	2,806,314.01	2,781,729.16	2,996,701.58	2,883,318.03	2,719,313.63	2,848,517.25	2,882,422.32
Business-Type Activities:									
Investment Earnings	24.30	70.73	187.15	185.29	191.32	171.38		74.91	
Transfers	13,613.50	7,500.00	10,065.01	14,000.00	14,626.25	10,558.98		2,315.75	6,423.90
Total Business-Type Activities	13,637.80	7,570.73	10,252.16	14,185.29	14,817.57	10,730.36		2,390.66	6,423.90
Total District-wide	\$ 2,544,917.24	\$ 2,729,502.61	\$ 2,816,566.17	\$ 2,795,914.45	\$ 3,011,519.15	\$ 2,894,048.39	\$ 2,719,313.63	\$ 2,850,907.91	\$ 2,888,846.22
Changes in Net Assets:									
Governmental Activities	\$ 163,232.62	\$ (12,210.49)	\$ 89,650.83	\$ 411,610.81	\$ 434,185.91	\$ 360,206.75	\$ (38,011.61)	\$ 137,844.58	\$ 149,876.07
Business-Type Activities	568.34	(8,488.48)	(957.10)	2,255.80	6,368.32	21,300.91	(5,427.30)	(4,567.65)	(5,491.32)
Total District	\$ 163,800.96	\$ (20,698.97)	\$ 88,693.73	\$ 413,866.61	\$ 440,554.23	\$ 381,507.66	\$ (43,438.91)	\$ 133,276.93	\$ 144,384.75

OCEAN GATE SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:									
Reserved	\$ 98,822.38	\$ 96,260.83	\$ 106,007.16	\$ 303,654.83	\$ 579,806.54	\$ 911,486.49	\$ 796,674.56		
Unreserved	76,939.45	59,648.72	59,482.70	212,070.48	215,172.05	160,168.89	207,079.80		
Restricted								\$ 733,905.68	\$ 970,557.78
Assigned								165,312.45	46,716.73
Unassigned								171,507.16	161,631.00
Total General Fund	\$ 175,761.83	\$ 155,909.55	\$ 165,489.86	\$ 515,725.31	\$ 794,978.59	\$ 1,071,655.38	\$ 1,003,754.36	\$ 1,070,725.29	\$ 1,178,905.51
All Other Governmental Funds:									
Reserved	\$ 6,410.12			\$ 28,340.05					
Unreserved, Reported In:									
Special Revenue Fund	750.43	\$ (6,743.33)	\$ (8,481.70)	(8,481.70)	\$ (9,644.70)	\$ (10,934.50)	\$ (12,425.46)		
Capital Projects Fund				1,059,113.02	361,603.17	361,603.17	266,200.71		
Debt Service Fund	2.26	1.12	1.22	11,240.65	30,945.07	23,832.97	6,531.26		
Restricted For:									
Capital Projects Fund								\$ 257,144.71	\$ 219,471.35
Debt Service Fund								2,136.34	0.83
Assigned To:									
Debt Service Fund								2,708.00	2,136.00
Unassigned:								(10,553.16)	(13,848.00)
Special Revenue Fund									
Total All Other Governmental Funds	\$ 7,162.81	\$ (6,742.21)	\$ (8,480.48)	\$ 1,090,212.02	\$ 382,903.54	\$ 374,501.64	\$ 260,306.51	\$ 251,435.89	\$ 207,760.18

OCEAN GATE SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2003*	2004*	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Tax Levy	\$ 1,029,762.00	\$ 1,243,654.00	\$ 1,234,561.00	\$ 1,333,017.00	\$ 1,468,697.00	\$ 1,607,426.00	\$ 1,598,704.00	\$ 1,588,679.00	\$ 1,588,679.00	\$ 1,585,561.08
Tuition Charges							2,650.00			
Interest Earnings	738.34	175.29	119.38	4,387.62			2,567.59	7,490.25	10,817.62	
Miscellaneous	6,279.27	8,695.47	22,734.78	17,384.83	19,177.26	43,648.50	18,515.87	10,104.80	1,877.15	10,270.87
State Sources	1,077,161.97	1,160,971.76	1,187,632.57	1,221,860.56	1,287,453.21	1,375,974.90	1,321,966.94	906,971.73	1,233,308.34	1,299,979.16
Federal Sources	77,063.61	207,086.12	385,217.15	324,795.57	108,443.64	89,418.82	108,256.55	332,699.53	114,437.89	88,948.11
Total Revenues	2,191,005.19	2,620,582.64	2,830,364.88	2,901,445.58	2,883,771.11	3,116,468.22	3,052,660.95	2,845,945.31	2,949,120.00	2,984,759.22
Expenditures:										
Instruction:										
Regular	479,614.01	462,724.68	879,444.25	881,611.69	493,162.08	574,602.13	880,032.95	828,163.96	805,548.32	811,250.32
Special	179,873.51	208,054.09	203,158.77	156,613.80	343,801.04	359,401.31	113,512.21	228,809.61	158,753.20	186,972.63
Other	4,523.74	792.54	28.88	400.87	460.00		785.00	54,728.39	99,790.50	84,356.06
Support Services and Undistributed Costs:										
Tuition	220,220.40	233,148.34	407,426.71	162,116.58	143,762.42	72,124.76	62,412.15	71,703.84	40,077.88	52,450.50
Student and Instruction Related Services	163,726.24	176,443.89	222,712.15	408,725.49	323,093.73	309,280.94	417,975.21	379,907.71	433,710.51	416,591.79
General Administration	136,180.44	127,008.01	116,268.23	110,350.01	59,987.88	64,153.50	74,156.33	88,962.31	87,175.38	93,697.82
School Administrative Services	20,085.82	23,112.00	50,170.20	26,932.12	64,156.13	72,431.17	64,426.54	49,691.78	48,569.04	49,664.40
Central Services			73,478.36	96,781.75	100,938.92	94,892.59	88,107.64	85,665.91	77,932.16	86,116.68
Admin. Information Technology				5,443.00	4,557.00	5,030.00	5,302.00	9,219.24	9,470.60	12,327.61
Plant Operations and Maintenance	195,914.60	208,161.63	210,388.15	211,166.56	199,532.57	301,907.95	300,476.45	288,183.52	230,596.18	193,947.33
Pupil Transportation	83,461.96	112,079.30	128,726.24	123,005.48	89,518.85	58,968.28	47,883.96	57,110.97	26,429.48	10,573.45
Employee Benefits	384,676.77	458,377.79	406,531.69	512,508.89	521,526.04	567,385.31	459,472.27	527,941.11	586,427.30	633,155.85
Special Schools			17,898.39	17,344.18	16,595.00	23,338.40	31,258.56	26,273.25	26,225.33	25,142.50
Capital Outlay	5,195.30	2,327.60	19,172.90	8,456.21		813,330.00		105,402.41	35,425.20	37,673.36
Special Revenue	250,351.58	381,780.35								
Debt Service:										
Principal	113,394.43	115,543.26	91,673.05	120,035.00	122,546.78	145,157.04	152,922.11	155,729.68	158,763.19	161,932.97
Interest and Other Charges	51,760.64	47,972.35	23,134.09	40,046.90	35,897.74	67,893.79	75,121.70	69,547.77	63,819.67	57,927.54
Total Expenditures	2,288,979.44	2,557,525.83	2,850,212.06	2,883,538.53	2,519,536.18	3,529,897.17	2,773,827.08	3,028,041.46	2,888,703.94	2,913,780.81
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(97,974.25)	63,056.81	(19,847.18)	17,907.05	364,234.93	(413,428.95)	278,833.87	(182,096.15)	60,416.06	70,978.41
Other Financing Sources/(Uses):	***									
Proceeds From Borrowing					11,239.95					
Capital Leases (Non-Budgeted)					(14,000.00)					
Proceeds From Refunding										
Payments To Escrow Agent										
Transfers In										
Transfers Out										
Total Other Financing Sources/(Uses)										
Net Change in Fund Balances	\$ (97,974.25)	\$ 49,443.31	\$ (27,347.18)	\$ 7,842.04	\$ 361,474.88	\$ (428,055.20)	\$ 268,274.89	\$ (182,096.15)	\$ 58,100.31	\$ 64,504.51
Debt Service as a Percentage of Noncapital Expenditures	7.23%	6.40%	4.06%	5.57%	6.29%	7.84%	8.22%	7.71%	7.80%	7.64%

Source: District records

Note: Noncapital expenditures are total expenditures less Capital Outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year-end June 30, 2005.

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

* Special Revenue allocation not available

** Debt Service breakdown not available

*** Other Financing Sources/(Uses) not available

OCEAN GATE SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

<u>Fiscal Year Ending June 30.</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Universal Service Fund (E-rate)</u>	<u>Tuition and Tuition Refunds</u>	<u>Dissolution of Ocean County North Shore Jointure Commission</u>	<u>Prior Year Refunds</u>	<u>Annual Totals</u>
2003	\$ 738.34		\$ 5,279.27				\$ 6,017.61
2004	175.29	\$ 6,897.88	1,797.59				8,870.76
2005	119.38	427.16			\$ 22,307.62		22,854.16
2006	4,387.62	9,384.83					13,772.45
2007	14,826.18	4,351.08					19,177.26
2008	16,466.21	3,063.94		\$ 4,109.10			23,639.25
2009	2,567.59	4,656.28		2,650.00		\$ 606.68	10,480.55
2010	7,490.25	2,826.58	750.00	2,715.68			13,782.51
2011	8,681.68	1,877.15					10,558.83
2012		8,870.87		900.00			9,770.87

Source: District records

REVENUE CAPACITY INFORMATION

OCEAN GATE SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,							
	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>
2003	\$ 1,344,300	\$ 94,039,090			\$ 3,330,100		
2004	1,325,400	95,106,890			3,123,500		
2005	3,628,900	246,829,600			4,683,100		\$ 1,274,000
2006	3,778,500	246,889,400			4,683,100		1,299,000
2007	3,455,300	248,615,500			4,683,100		1,299,000
2008	3,351,000	251,009,000			4,683,100		1,299,000
2009	3,541,200	252,215,100			4,683,100		1,299,000
2010	3,326,200	253,446,800			4,683,100		1,299,000
2011	3,488,300	252,790,400			4,683,100		1,299,000
2012	3,804,100	253,620,900			4,683,100		1,299,000
Less:							
	<u>Total Assessed Value</u>	<u>Tax-Exempt Property</u>	<u>Public Utilities^a</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate^b</u>	
2003	\$ 103,555,890	\$ 4,842,400	\$ 169,518	\$ 98,543,972	\$ 128,316,689	1.078	
2004	104,247,790	4,692,000	125,480	99,430,310	158,671,970	1.220	
2005	268,183,900	11,768,300	188,556	256,227,044	195,755,457	0.478	
2006	268,857,700	12,207,700	169,632	256,480,368	238,874,100	0.572	
2007	270,244,900	12,192,000	163,580	257,889,320	277,828,018	0.620	
2008	272,534,100	12,192,000	180,432	260,161,668	279,974,938	0.613	
2009	273,344,700	11,606,300	N/A	261,738,400	280,551,486	0.607	
2010	274,361,400	11,606,300	N/A	N/A	288,646,710	0.604	
2011	274,293,300	12,032,500	153,416	262,107,384	262,414,216	0.604	
2012	275,489,600	12,082,500	159,480	263,247,620	260,875,953	0.609	

Source: OCNJTAX.COM/2010ratables.pdf

OCNJTAX.COM/taxrate.pdf and Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment (R) occurs when the County Board of Taxation requests Treasury to order a reassessment.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
b Tax rates are per \$100
N/A At the time of CAFR Completion, this data was not available

OCEAN GATE SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)

Fiscal Year Ending June 30,	Ocean Gate School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6)		Ocean Gate Borough	Ocean County	
			Total Direct	School Tax Rate			
2003	3.242	1.430	1.078	0.882	0.534	1.416	
2004	3.695	1.280	1.220	1.029	0.575	1.604	
2005	1.645	0.460	0.517	0.492	0.246	0.738	
2006	1.747	0.323	0.571	0.538	0.263	0.801	
2007	1.884	0.526	0.622	0.580	0.276	0.856	
2008	N/A	N/A	0.614	0.604	0.334	N/A	
2009	N/A	N/A	0.607	0.614	0.339	N/A	
2010	N/A	N/A	0.604	0.624	0.359	1.587	
2011	N/A	N/A	0.604	0.635	0.366	1.605	
2012	N/A	N/A	0.609	0.634	0.301	1.544	

Source: Municipal Tax Assessor

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- ^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.
- ^b Rates for debt service are based on each year's requirements.

OCEAN GATE SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2012			2003		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Taxpayer 1	\$	1		\$	1	
Taxpayer 2		2			2	
Taxpayer 3		3			3	
Taxpayer 4		4			4	
Taxpayer 5		5			5	
Taxpayer 6		6			6	
Taxpayer 7		7			7	
Taxpayer 8		8			8	
Taxpayer 9		9			9	
Taxpayer 10		10			10	
Total	\$			\$		

DATA NOT AVAILABLE

Source: Municipal Tax Assessor

OCEAN GATE SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		<u>Amount</u>	<u>Percentage of Levy</u>	
2003	\$ 1,029,762	\$ 1,029,762	100.00%	-
2004	1,243,654	1,243,654	100.00%	-
2005	1,234,661	1,234,661	100.00%	-
2006	1,333,017	1,333,017	100.00%	-
2007	1,468,697	1,468,697	100.00%	-
2008	1,607,426	1,607,426	100.00%	-
2009	1,598,704	1,598,704	100.00%	-
2010	1,588,679	1,588,679	100.00%	-
2011	1,588,679	1,588,679	100.00%	-
2012	1,585,561	1,585,561	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

- a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

DEBT CAPACITY INFORMATION

OCEAN GATE SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	
2003	\$ 1,414,674.51					\$ 1,414,674.51	2.10% \$ 681.77
2004	1,273,055.95					1,273,055.95	N/A 606.51
2005	1,181,382.90					1,181,382.90	N/A 558.84
2006	1,061,347.78					1,061,347.78	N/A 501.35
2007	2,124,801.00					2,124,801.00	N/A 1,007.50
2008	1,979,643.96					1,979,643.96	N/A 929.41
2009	1,826,721.85					1,826,721.85	N/A N/A
2010	1,670,992.17					1,670,992.17	N/A N/A
2011	1,512,238.98					1,512,238.98	N/A N/A
2012	1,350,306.01					1,350,306.01	N/A N/A

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan ("ERIP") refunding and State Loans

OCEAN GATE SCHOOL DISTRICT

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds*	Net General Bonded Debt Outstanding		
2003	\$ 1,414,674.51	\$ 1,414,674.51	1.43%	\$ 681.77
2004	1,273,055.95	1,273,055.95	1.28%	606.51
2005	1,181,382.90	1,181,382.90	0.46%	R 558.84
2006	1,061,347.78	1,061,347.78	0.41%	501.35
2007	2,124,801.00	2,124,801.00	0.86%	1,007.50
2008	1,979,643.96	1,979,643.96	0.76%	929.41
2009	1,826,721.85	1,826,721.85	0.70%	N/A
2010	1,670,992.17	1,670,992.17	N/A	N/A
2011	1,512,238.98	1,512,238.98	N/A	N/A
2012	1,350,306.01	1,350,306.01	N/A	N/A

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

* Includes State Loans

R Revaluation

OCEAN GATE SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2012
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Ocean Gate Borough	\$ N/A		\$ N/A
Ocean County General Obligation Debt	426,609,141		
Subtotal, Overlapping Debt	426,609,141		
Ocean Gate District Direct Debt	1,350,306.01	100.00%	1,350,306.01
Total Direct and Overlapping Debt	427,959,447.01		\$ 1,350,306.01

Sources: Assessed value data used to estimate applicable percentages provided by the Ocean County Board of Taxation.
Debt Outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Ocean Gate. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

- a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

OCEAN GATE SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized Valuation Basis	
2012	\$ 261,862,114
2011	281,898,499
2010	<u>288,646,710</u>
(A)	<u>\$ 832,407,323</u>
(A/3)	\$ 277,469,108
(B)	20,810,183
(C)	<u>1,350,306</u>
(B-C)	<u>\$ 19,459,877</u>

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt Limit	\$ 6,290,262	\$ 7,802,614	\$ 9,541,493	\$ 11,046,682	\$ 19,813,310
Total Net Debt Applicable To Limit	<u>1,414,674</u>	<u>1,299,131</u>	<u>1,061,348</u>	<u>938,801</u>	<u>2,124,801</u>
Legal Debt Margin	<u>\$ 4,875,587</u>	<u>\$ 6,503,483</u>	<u>\$ 8,480,145</u>	<u>\$ 10,107,881</u>	<u>\$ 17,688,509</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.49%	16.65%	11.12%	8.50%	10.72%
Debt Limit	\$ 20,849,250	\$ 14,013,161	\$ 21,229,328	\$ 21,277,417	\$ 20,810,183
Total Net Debt Applicable To Limit	<u>1,979,644</u>	<u>1,826,722</u>	<u>1,670,992</u>	<u>1,512,239</u>	<u>1,350,306</u>
Legal Debt Margin	<u>\$ 18,869,606</u>	<u>\$ 12,186,439</u>	<u>\$ 19,558,336</u>	<u>\$ 19,765,178</u>	<u>\$ 19,459,877</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.50%	13.04%	7.87%	7.11%	6.49%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

a Limit set by N.J.S.A. 18A:24-19 for a K through 12 District; other percentage limits would be applicable for other District types.

DEMOGRAPHIC AND ECONOMIC STATISTICS

OCEAN GATE SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2003	2,099	\$ 33,558	\$ 33,558	5.70%
2004	2,114	N/A	N/A	5.00%
2005	2,117	34,509	34,509	4.40%
2006	2,109	N/A	N/A	5.00%
2007	2,130	N/A	N/A	5.00%
2008	2,130	37,764	37,764	5.90%
2009	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A

Source:

^a Population information provided by the NJ Department of Labor and Workforce Development.

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

OPERATING INFORMATION

OCEAN GATE SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction:										
Regular	12	11	13	12	12	12	12	13	13	13
Special Education	5	5	5	5	5	5	7	3	3	3
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	3	2	1	3	4	4	4	3	3	3
General Administration	1	1	1	1	1	1	1	1	1	1
School Administrative Services	1	1	1	1	1	1	1	1	1	1
Other Administrative Services										
Central Services	1	1	1	1	1	1	1	1	1	1
Administrative Information Technology										
Plant Operations and Maintenance	3	3	3	3	3	3	3	3	3	3
Pupil Transportation										
Other Support Services										
Special Schools										
Food Service	1	1	1	1	1	1	1			
Child Care										
Total	<u>27</u>	<u>25</u>	<u>25</u>	<u>26</u>	<u>28</u>	<u>28</u>	<u>30</u>	<u>25</u>	<u>25</u>	<u>25</u>

Source: District Personnel Records

OCEAN GATE SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^d	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
2003	178	1,868,277	10,496	19.35%	15.70	1/12.7	199.0	186	9.15%	94.00%
2004	176	2,009,902	11,420	8.80%	16.60	1/10.8	181.0	169	-9.05%	93.00%
2005	157	2,162,326	13,773	20.60%	19.00	1/5.36	159.0	147	-12.15%	92.00%
2006	157	2,185,859	13,922	1.08%	18.50	1/8.4	157.0	149	-1.26%	95.00%
2007	157	2,176,025	13,860	-0.45%	18.70	1/7.9	147.0	137	-6.37%	93.00%
2008	148	2,323,071	15,696	13.25%	19.00	1/7.9	142.0	137	-3.40%	96.48%
2009	162	2,450,007	14,863	-5.31%	17.00	1/9.5	152.0	137	7.04%	97.00%
2010	175	2,626,541	15,009	0.98%	16.00	1/10.94	142.0	132	-6.58%	92.80%
2011	157	2,556,945	16,286	8.51%	16.00	1/9.81	161.5	150	13.73%	93.00%
2012	162	2,705,874	16,912	3.84%	16.00	1/9.91	160.0	156	-0.93%	94.50%

Source: District records

Note: Enrollment based on annual October District count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

OCEAN GATE SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>District/Building</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Elementary:										
Main Bldg Elementary (1968)										
31,566 Square Feet										
Capacity (Students) 195										
1st & 2nd Grade Elementary (1941)										
2,500 Square Feet										
Capacity (Students) 50										
Kindergarden Schoolhouse (1914)										
1,225 Square Feet										
Capacity (Students) 35										
Total Enrollment	199	180	159	157	147	148	162	175	157	162

Number of Schools at June 30, 2012
Elementary = 1
Other = 0

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions.
Enrollment is based on the annual October District count.

OCEAN GATE SCHOOL DISTRICT
 SCHEDULE OF REQUIRED MAINTENANCE
 LAST TEN FISCAL YEARS
 (UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

*School Facilities

	<u>Project # (s)</u>	<u>Elementary School</u>	<u>Total</u>
2003	N/A	\$ 111,176.09	\$ 111,176.09
2004	N/A	50,803.21	50,803.21
2005	N/A	55,652.89	55,652.89
2006	N/A	46,768.86	46,768.86
2007	N/A	23,439.54	23,439.54
2008	N/A	75,802.85	75,802.85
2009	N/A	90,121.59	90,121.59
2010	N/A	80,164.27	80,164.27
2011	N/A	31,696.86	31,696.86
2012	N/A	<u>11,511.97</u>	<u>11,511.97</u>
Total School Facilities		<u>\$ 577,138.13</u>	<u>\$ 577,138.13</u>

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26-1.3)

Source: District records

OCEAN GATE SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2012
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Property Coverage Overview	\$ 7,454,458	\$ 1,000
Liability Coverages:		
Combined Comprehensive Liability	100,000,000	
Combined Employee Benefits Program Liability	16,000,000	1,000
Combined Crime	135,000	500
Auto Coverage	16,000,000	
Errors and Omissions School Leaders	100,000	500
Workman's Compensation	1,467,096	
Student Accident Insurance (2)		
Surety Bonds (3):		
Treasurer	150,000	
Board Secretary/Business Administrator	136,000	

- 1 Monmouth Ocean County Shared Services Insurance Fund
- 2 Monmouth Ocean County Shared Services Insurance Fund
- 3 Monmouth Ocean County Shared Services Insurance Fund

Source: District records

SINGLE AUDIT SECTION

Robert H. Hutchins, CPA, CVA, CFF
Eugene M. Farrell, CPA, RMA, CFP
Robert W. Allison, CPA, RMA
Alan E. Meyer, CPA/ABV, CFF
Joann DiLieto, CPA

Patrice R. Antonucci, CPA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable President and
Members of the Board of Education
Ocean Gate School District
County of Ocean
Ocean Gate, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the Ocean Gate School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Education of the Ocean Gate School District's basic financial statements and have issued our report thereon dated October 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the Ocean Gate School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Ocean Gate Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ocean Gate Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ocean Gate Board of Education's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is

The Honorable President and
Members of the Board of Education
Ocean Gate School District
County of Ocean
Ocean Gate, New Jersey
Page 2

a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ocean Gate Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

However, we noted certain other matters involving internal control that we have reported to the Board of Education of the Ocean Gate School District in a separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance, dated October 23, 2012.

This report is intended for the information and use of management, the Ocean Gate Board of Education, others within the entity, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

October 23, 2012

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Exhibit K-2

Page 1 of 3

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Ocean Gate School District
County of Ocean
Ocean Gate, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Ocean Gate School District, in the County of Ocean, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. Ocean Gate Board of Education's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Ocean Gate Board of Education's management. Our responsibility is to express an opinion on the Ocean Gate Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Ocean Gate Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Ocean Gate Board of Education's compliance with those requirements.

The Honorable President and
Members of the Board of Education
Ocean Gate School District
County of Ocean
Ocean Gate, New Jersey
Page 2

In our opinion, the Board of Education of the Ocean Gate School District, in the County of Ocean, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

The management of the Board of Education of the Ocean Gate School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Ocean Gate Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ocean Gate Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

The Honorable President and
Members of the Board of Education
Ocean Gate School District
County of Ocean
Ocean Gate, New Jersey
Page 3

This report is intended solely for the information and use of management, the Ocean Gate Board of Education, others within the entity, the New Jersey State Department of Education, and federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

October 23, 2012

OCEAN GATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended June 30, 2012

Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2011	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment/ Adjustment	Balance at June 30, 2012		Due To Grantor
			From	To						(Accounts Receivable)	Deferred Revenue	
10.553	N/A	7,115.88	07/01/11	06/30/12			\$ 6,720.60	\$ (7,115.88)		\$ (385.28)		
10.555	N/A	36,280.72	07/01/11	06/30/12			34,690.97	(36,280.72)		(1,589.75)		
Total Enterprise Fund												
							41,411.57	(43,396.60)		(1,985.03)		
Special Revenue Fund:												
Title I - Part A												
84.010A	NCLB380012	59,899.00	09/01/11	08/31/12			13,785.28	(41,848.62)		(28,063.34)		
84.010A	NCLB380011	68,346.00	09/01/10	08/31/11	\$ (54,560.72)		54,560.72					
84.367A	NCLB380012	12,008.00	09/01/11	08/31/12			4,084.00	(9,908.19)		(5,844.19)		
84.367A	NCLB380011	13,958.00	09/01/10	08/31/11	(9,894.00)		9,894.00					
84.367A	NCLB380010	20,597.00	09/01/09	08/31/10	1,621.47			(1,621.47)				
84.318X	NCLB380011	589.00	09/01/10	08/31/11	(133.00)		506.00	(373.00)				
84.318X	NCLB380010	828.00	09/01/09	08/31/10	(83.00)		83.00					
84.389	NCLB380011	22,840.00	07/01/09	08/31/11			1,142.00	(1,142.00)				
84.391	IDEA380011	40,417.00	07/01/09	08/31/11			6,016.00	(6,016.00)				
84.027	IDEA380011	46,459.00	09/01/10	08/31/11	(46,459.00)		46,459.00					
84.173	IDEA380012	3,681.00	09/01/11	08/31/12			1,471.00	(1,471.00)				
84.173	IDEA380011	6,597.00	09/01/10	08/31/11	(3,417.00)		6,597.00	(3,180.00)				
Total Special Revenue Fund												
					(112,925.25)		144,578.00	(65,560.28)		(33,907.53)		
Total Federal Financial Awards												
					\$ (112,925.25)	\$ 0.00	\$ 185,989.57	\$ (108,956.88)	\$ 0.00	\$ (35,892.56)	\$ 0.00	\$ 0.00

U.S. Department of Agriculture:
Passed-Through State Department of Education:
Enterprise Fund:
School Breakfast Program
National School Lunch Program

Total Enterprise Fund

Special Revenue Fund:

Title I - Part A
Title I - Part A
Title II - Part A - Improving Teacher Quality State Grants
Title II - Part A - Improving Teacher Quality State Grants
Title II - Part A - Improving Teacher Quality State Grants
Title II - Part A - Improving Teacher Quality State Grants
Title II - Part D - Enhancing Education Thru Technology
Title II - Part D - Enhancing Education Thru Technology
American Recovery & Reinvestment Act - Title I
American Recovery & Reinvestment Act - I.D.E.A. Basic
I.D.E.A. Part B, Basic
I.D.E.A. Part B, Preschool
I.D.E.A. Part B, Preschool

Total Special Revenue Fund

Total Federal Financial Awards

OCEAN GATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the fiscal year ended June 30, 2012

State Grants/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2011		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balance	Balance at June 30, 2012		Memo	
			From	To	Deferred Revenue/ (Accounts Receivable)	Due To Grantor					(Accounts Receivable)	Deferred Revenue	Due To Grantor	Budgetary Receivable
State Department of Education														
General Fund:														
Equalization Aid	12-495-034-5120-078	\$ 823,329.00	07/01/11	06/30/12			\$	\$ 823,329.00	\$ (823,329.00)			\$	(82,330.00)	\$ 823,329.00
Reimbursement of Nonpublic Transportation	11-103190	1,232.00	07/01/10	06/30/11	\$ (1,232.00)			1,232.00						
Reimbursement of Nonpublic Transportation	12-103190	884.00	07/01/11	06/30/12					(884.00)				(884.00)	884.00
Special Education Aid	12-495-034-5120-011	81,369.00	07/01/11	06/30/12				81,369.00	(81,369.00)				(81,369.00)	81,369.00
Extraordinary Aid	11-495-034-5120-473	5,092.00	07/01/08	06/30/09	(5,092.00)			5,092.00						
Extraordinary Aid	12-495-034-5120-473	1,215.00	07/01/11	06/30/12					(1,215.00)				(1,215.00)	1,215.00
On Behalf TPAF Pension Contributions Medical	12-495-034-5095-006	372.00	07/01/11	06/30/12				372.00	(372.00)					
On Behalf TPAF Pension Contributions Normal	12-495-034-5095-006	74,636.00	07/01/11	06/30/12				74,636.00	(74,636.00)					74,636.00
On Behalf TPAF NCGI Premiums Contributions	12-495-034-5095-006	33,529.00	07/01/11	06/30/12				33,529.00	(33,529.00)					33,529.00
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	3,598.00	07/01/11	06/30/12				3,598.00	(3,598.00)					3,598.00
		81,007.38	07/01/11	06/30/12				73,167.87	(81,007.38)				(7,839.51)	81,007.38
Total General Fund					(6,324.00)			1,095,324.87	(1,099,939.38)				(100,406.53)	1,099,967.38
Debt Service Fund:														
Debt Service Aid Type II	12-495-034-5120-017	95,863.00	07/01/11	06/30/12				95,863.00	(95,863.00)					95,863.00
Total Debt Service Fund								95,863.00	(95,863.00)					95,863.00
Enterprise Fund:														
State School Lunch Program	12-100-010-3360-067	833.36	07/01/11	06/30/12				795.62	(833.36)				(37.74)	833.36
Total Enterprise Fund								795.62	(833.36)				(37.74)	833.36
Special Revenue Fund:														
Preschool Education Aid	12-495-034-5120-086	138,498.00	07/01/11	06/30/12				138,498.00	(119,923.86)			\$ 18,574.14	(13,848.00)	119,923.86
Preschool Education Aid	11-495-034-5120-086	105,528.00	07/01/10	06/30/11	869.08				(869.08)					869.08
Total Special Revenue Fund					869.08			138,498.00	(120,792.94)			18,574.14	(13,848.00)	120,792.94
Total State Financial Assistance					\$ (5,454.92)	\$ 0.00	\$ 0.00	\$ 1,331,461.49	\$ (1,317,428.68)	\$ 0.00	\$ (9,976.25)	\$ 18,574.14	\$ 0.00	\$ 1,317,056.68

D=Deficit, not Accounts Receivable, due to expenditures exceeding last state aid payment.

OCEAN GATE SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

June 30, 2012

1. General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Board of Education ("Board") of Ocean Gate, School District ("District"). The Board is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

2. Basis of Accounting

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

The basic financial statements present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements or schedules ("RSI") are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year whereas, for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying Schedules on the modified accrual basis, with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying Schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$5,651.16 for the General Fund and \$9,644.33 for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

OCEAN GATE SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

June 30, 2012

3. Relationship to Basic Financial Statements (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 25,362.00	\$ 1,094,288.22	\$ 1,119,650.22
Special Revenue Fund	63,586.11	109,827.94	173,414.05
Food Service Fund	43,396.60	833.36	44,229.96
Debt Service Fund		95,863.00	95,863.00
Total Awards and Financial Assistance	<u>\$ 132,344.71</u>	<u>\$ 1,300,812.52</u>	<u>\$ 1,433,157.23</u>

During the year ended June 30, 2012, the State of New Jersey contributed \$3,598.00 to the Teachers' Pension and Annuity Fund for NCGI premiums, \$33,529.00 for Normal Contribution and \$74,636.00 for post-retirement medical benefits on behalf of the District.

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying Schedules agree with the amounts reported in the related federal and state financial reports.

5. Federal and State Loans Outstanding

The Ocean Gate School District had the following loan balances outstanding at June 30, 2012:

<u>Loan Program Title</u>	<u>Amount Outstanding</u>
E.D.A. Small Projects	\$ 164,727.00
E.D.A. School Facilities Program Loan	119,579.01

6. Other

Revenue and expenditures reported under the Food Distribution Program represent current-year value received and current-year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2012.

OCEAN GATE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified? yes x no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to basic financial statements noted? yes x no

State Awards

Dollar threshold used to distinguish between type A and type B programs? \$300,000.00

Auditee qualified as low-risk auditee? x yes no

Type of auditor's report issued in compliance for major programs: Unqualified

Internal Control over major programs:

1) Material weakness(es) identified? yes x no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes x none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04? x yes no

Identification of major programs:

State Grant/Project Number(s)

12-495-034-5120-078
12-495-034-5120-011

Name of State Program

Equalization Aid - State Aid Cluster
Special Education - State Aid Cluster

OCEAN GATE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)

Section II - Financial Statement Findings

This section identifies the material weaknesses, significant deficiencies, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of Government Auditing Standards.

None noted.

OCEAN GATE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)

Section III - State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by NJOMB Circular 04-04.

Finding 2012-01:

Travel Expenses:

Condition:

The Travel Expense maximum was not updated on an annual basis for 2011/12 school year as required by State Statute.

Context:

The Travel Expense maximum is required to be updated on an annual basis in accordance with State Statute.

Effect:

Without a Travel Expense maximum amount the District would be in violation of State Statute.

Cause:

The District did not update their Travel Expense maximum on an annual basis as required.

Recommendation:

The District ensure that their Travel Expense maximum is update on an annual basis as required by State Statute.

Response:

The District's Travel Expense maximum will be updated and adopted by the Board of Education as required by State Statute.

OCEAN GATE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

This section identifies the status of prior-year findings related to the general-purpose financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, and NJOMB Circular 04-04.

STATUS OF PRIOR-YEAR FINDINGS

Not applicable.